

HF5563  
C91  
v.26

OHIO STATE  
UNIVERSITY

MAR 11 1938

LIBRARY

# *The* **CREDIT WORLD**

Official Publication of the National Retail Credit Association

*National in Name—International in Scope*

MARCH, 1938 — Vol. XXVI, No. 6

## HOUSTON—Largest Cotton Port

Houston, the largest city in Texas, is also the nation's largest cotton port. Though fifty miles inland, it has brought the Gulf of Mexico to its door through a huge ship channel that crosses Galveston Bay and enters Houston through Buffalo Bayou.

Nearby is San Jacinto Battleground, where Sam Houston routed Santa Ana's Mexican Army, fresh from its Alamo victory, and won independence for the Lone Star State. The Houston Retail Credit Association is our second largest local in Texas.



**Founded**

**In 1912**

# Six Advertisements In This New "Pay Promptly" Campaign

Companion to the "Standard" Series

## Your Credit Record Is An Open Book

### SIX NEW ADS:

"Good Credit Is Your Magic Wand"

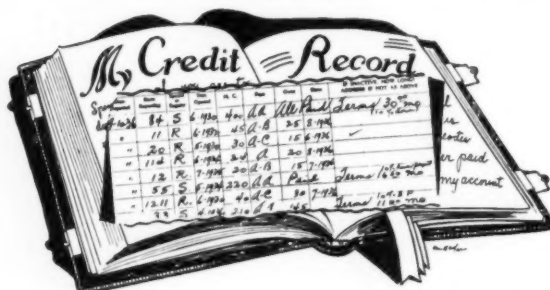
"Prompt Payment of Bills Prevents 'Q. C.'"

"Your Credit Record Is an Open Book"  
(Shown at right)

"Are You Haunted By Credit Worries?"

"Is Your Credit Record Holding you Back?"

"Friends Talk About 'Q. C.,' Too!"



And You Are The Author!

By the Way You Pay, You Write  
Your Own Record on a Little Card  
In the Files of the Credit Bureau.

**Y**OUR credit record is of your own making. The Credit Bureau only keeps the record! Shown in the inset above is an actual credit record (with the customer's name and address omitted). It shows how that customer has paid his accounts—as

truly as if he had written the record in his own book!

Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."



©1937, NATIONAL RETAIL CREDIT ASSOCIATION

PUBLISHER NOTE CAREFULLY This Space Is for Local Association Signatures to be Set by You

Cut off small brackets at each outside corner of advertisement which are placed there only to indicate exact size of space

MATS IN TWO SIZES

These ads come complete, in mats ready to hand to your newspaper, in two sizes. Prices:

8 x 12 in. \$2.00 each  
4 x 6 in. \$1.25 each

Sample advertisement (in 4" x 6" size) shown at left—actual size.

Series may be used as a campaign or in conjunction with our "Standard" series of 12 ads.

If you have used the "Standard" campaign, this new campaign can be used to "follow through." *If you have not* used the "Standard" campaign, you can use both as a continuous newspaper campaign of 18 advertisements.

A new "Portfolio of Pay Promptly Advertising," showing all of the ads of the new campaign, as well as the effective advertisements of the "Standard" campaign, will be sent upon request.

## NATIONAL RETAIL CREDIT ASSOCIATION

FOURTH FLOOR

1218 OLIVE STREET

SAINT LOUIS, MO.

# The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

March, 1938 Vol. XXVI No. 6

EDITORIAL AND EXECUTIVE OFFICES  
1218 Olive St. St. Louis, Mo.

L. S. CROWDER.....Editor  
DANIEL J. HANNEFIN.....Managing Editor  
ARTHUR H. HERT.....Research Director

G. F. O'CONNELL.....Circulation Manager  
M. E. RIORDAN.....Advertising Manager  
R. PRESTON SHEALEY.....Washington Representative

## Advertising Representatives

THOMAS W. FARRELL.....64 East Lake St., Chicago  
WILLIAM J. DELANEY, INC. ....9 Rockefeller Plaza, New York

## CONTENTS

Editorial Comment	2
The Fundamentals of Collection Technique	3
This Collection Procedure Maintained a Monthly Average of 76.97% in 1937!	4
Pittsburgh Expects You in June	8
The Barometer of Retail Business	10
Credit Department Letters	12
Proper Bureau Records on Installment Accounts	14
The Nation's Collection Percentages—January, 1938, Versus January, 1937	16
The Charge-Plate As a Successful Group Operation in St. Louis	18
Financing Retail Credit	22
Credit News Flashes—Personal and Otherwise	24
"Merchandise" Your Credits and Collections	26
News of the District Conferences	29
Following Up Collections? It's Easy This Way!	30

**CHANGE OF ADDRESS:** Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$2.00 a year, to members of the National Retail Credit Association only.

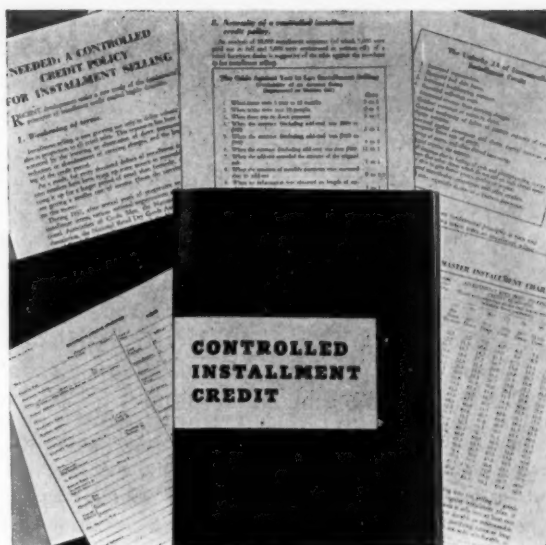
This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

Copyright, 1938, by National Retail Credit Association

MARCH, 1938



## New free book shows How to Cut Bad Debt Losses

**Explains six proved ways  
to control installment credit**

Analysis of 10,000 accounts shows that the odds are decidedly against you if your installment credit methods are lax! The probability of an account being repossessed or written off runs from 2 to 1 as high as 12 to 1. Do you know the common installment situations in which these odds occur?

Dr. Clyde W. Phelps, well known credit authority, points out the risks in installment practices in his new booklet, "Controlled Installment Credit." Then he shows how you can reduce these risks by following six simple steps.

### Six simple steps

Under these six steps Dr. Phelps discusses clearly and definitely the principles observed by all retailers doing outstandingly successful jobs

of deferred payment merchandising. These principles apply to any and all types of installment selling.

The booklet tells how to select customers, how to establish sound terms, when follow-ups should be made, when delinquents should be suspended and when they should be helped, when you must act decisively to prevent serious losses. Experience has proved over and over that application of these six principles of controlled installment selling greatly reduces bad debt losses.

### Write for free copy

Household Finance has published Dr. Phelps' booklet in the interest of sound credit management. You may obtain a free copy without obligation. Why don't you send the coupon now?

## HOUSEHOLD FINANCE

**CORPORATION and Subsidiaries**

*"Doctor of Family Finances"*

... one of America's leading family finance organizations with 229 branches in 147 cities  
1878 • Completing sixty years of service to the American family • 1938

Household Finance Corporation  
Dept. CW-C, 919 N. Michigan Avenue, Chicago, Illinois  
Please mail me free copy of "Controlled Installment Credit." This request places me under no obligation.

Name.....

Address.....

City.....State.....

# EDITORIAL COMMENT

By L. S. CROWDER



## A Reminder of the Consent Decree

IN THE past we have published the Consent Decree of October 6, 1933, and Stipulation which was entered into May 6, 1936. Conditions 1 and 2 of the Stipulation follow:

The first condition is: That all individual members, that is merchants, stores and the like, of the Association and the Corporation will strictly refrain from any agreement or tacit understanding that they will refuse to answer direct inquiries for credit reports and information and will abandon any agreement and understanding and concerted practice of referring all such direct inquiries to Credit Bureaus of the Association or Corporation of which they are members.

The second condition is: That the Credit Bureaus or Agency members of either the Association or the Corporation will render credit reporting service to members and non-members alike without any price discrimination of any sort against non-members, except where the Bureau is owned or supported or controlled by the stores there may be a different price to the public, in which case, prices to the public and not to member stores will govern in connection with non-member inquiries, local, foreign and inter-bureau.

Inquiries received heretofore indicate a *lack of knowledge*—on the part of some retailers and credit personnel—credit bureau managers and bureau personnel—of the provisions of the Consent Decree.

The Consent Decree *permits the retailer to use his independent judgment in the handling of any and all requests for credit information*, whether received from a competitor or from a credit bureau or credit agency.

*No action should be taken in the handling of direct inquiries which might be construed as an agreement or tacit understanding contrary to the provisions of the Consent Decree.* If it is your policy to decline credit information to others, then an explanation to this effect, without in any way making reference to your credit bureau, is all that is necessary. However, if all retailers of the community decline to answer direct inquiries and make approximately the same explanation, there is a possibility that such an explanation will be construed as a tacit understanding or agreement between the merchants of the community.

The use of stickers or rubber stamps in which the person making the inquiry is referred to the credit bureau should not be permitted, as it indicates an agreement between the retailers of your community or an understanding with the credit bureau in connection with the handling of direct inquiries, contrary to the provisions of the Consent Decree.

A nonmember retailer received a direct inquiry which was referred to the credit bureau. The bureau returned it to the inquirer with the following notation:

"This has been turned over to us by . . . , members and part owners of this Bureau, whose members prefer that inquiries be made through us."

This notation indicated the existence of an agreement between the members of the bureau, contrary to the provisions of the Consent Decree, although replies from the retailer and bureau manager denied that there was such an agreement.

Under the Decree, the only principle which should guide retailers in the handling of direct inquiries is that *independent judgment must be used in every instance and there must be no consultation with any other retailer or the bureau manager.*

The Consent Decree specifically prohibits firms or individuals extending credit from having any agreement with each other or with the Credit Bureaus as to the manner of handling credit inquiries. In answering such inquiries, it is permissible for a member to send a copy of his answer to the local Credit Bureau for the purpose of building the files of the Credit Bureau, *provided that the Bureau receiving the copy will not discriminate against the firm or individual making the direct inquiry.*

In order to show that we not only desire *but intend to work in harmony with the spirit and purpose of the Consent Decree, all members receiving direct inquiries are urged to handle each one on its merits—in other words, in such manner as in the judgment of the member is advisable.*

Should you desire an explanation of any phase of the Consent Decree or the Stipulation, or advice concerning the provisions of either, write this office.



# The Fundamentals Of Collection Technique

By MRS. HAZEL M. GROVE\*

Credit Manager, Ramsay Dry Goods Company, Joplin, Mo.



THE fundamental technique in collecting accounts is, I think, basically the same as the fundamental technique in handling people. The six rules for handling people as given by Dale Carnegie in his late book, "How to Win Friends and Influence People," are as follows:

1. Become genuinely interested in other people.
2. Smile. For the expression you wear on your face is more important than the clothes you wear on your back.
3. Remember that a man's name is to him the sweetest and most important sound in the English language.
4. Be a good listener. Encourage others to talk about themselves.
5. Talk in terms of the other man's interest.
6. Make the other person feel important—and do it sincerely.

Credits and collections (especially "Collection Technique") are new things. Scarcely a hundred years have passed since our first timid experiments with retail collections in America. Those of us who are still on the youthful side of forty (*and I mean youthful side of forty*) can well remember when "the best people" bought for cash. The condition of a generation ago has been practically reversed. Today when a man or woman pays cash for his or her winter coat, we ask, "What's the matter? Can't they get credit?"

Referring back to Rule No. 1: "Become genuinely interested in other people." This does not mean that we have become more reckless in the granting of credit. Modern days have developed modern ways, and instead of ferreting out some obscure reason for refusing credit, the modern tendency is to see if there is not some way by which the credit can be passed on, and the money collected.

Rule No. 2: "Smile." A smile thrown in with an explanation costs nothing and wins trade. In collecting accounts, I have found that a smile, and stating your case intelligently and sensibly, brings about a better understanding and the debtor begins to realize that you are a friend and not an enemy; and this realization makes the customer feel that you want to help him. I might say here that in recent years *the statement stickers have been gaining favor* over the cold collection letter with your name signed to it.

Rule No. 3: "Remember that a man's name is to him the sweetest and most important sound in the English language." It is said that because James Farley could remember fifty thousand names he was able to put

Franklin Roosevelt in the White House, and it is just as important to remember names in Business as in Politics. When a firm has several thousand customers no one can be expected to remember each individual name or account, but it is generally agreed that one of the simplest, most obvious, and most important ways of gaining good will is by remembering the customers' names and making them feel important.

Rule No. 4: "Be a good listener. Encourage others to talk about themselves." Especially in a complaint. Collecting by telephone is a modern means of collecting. If one could actually pay and receive money over the telephone it would be the most effective collection instrument in the world. As it is, the telephone ranks, probably, second to the personal contact. When customers tell you their problems, listen intently and make them feel that you are genuinely interested. That kind of listening (and knowing a customer's financial problems) is the highest compliment you can pay them, and naturally they make a greater effort to pay you.

Rule No. 5: "Talk in terms of the other man's interest." Many times a personal call on the delinquent debtor will result in adjusting a situation that might otherwise have culminated in a substantial bad-debt loss. There are some delinquents who have nothing, and are not earning enough to enable them to save a dollar. These accounts are hopeless and collection efforts are useless as long as that condition exists. When a debtor says he can't pay it is our job to discover whether the person, or the family, has a steady income and how much it is. Find out how much they are spending, and what they are spending it for. Then try to discover the right appeal. My idea is not to force people to pay, but make them want to pay.

Rule No. 6: "Make the other person feel important—and do it sincerely." The primary secret of getting money in when it is due really is no secret at all. The principle is *Expectancy*. Expect to be paid, and you will be paid. This is not theory. It is based upon reality. It, of course, makes a lot of difference what you say, and how you say it, and a good collector must be something of a salesman. Collecting money is in the final analysis a form of *salesmanship*. Salesmanship is the power which enables us to make others think.

Salesmanship has no confinements—it is not limited to any type of person, or to any one phase of living. Whatever your business or profession, you must sell yourself and your goods to your client, and your success will depend upon what you have and how you endeavor to dispose of it, whether it be ability, ideas, education, goods or service.

(Continued on page 31.)

\*An address before the Seventh District Conference, Topeka, Kan., February 13-15, 1938.

# This Collection Procedure Maintained A Monthly Average of 76.97% in 1937!

THE John Taylor Dry Goods Company of Kansas City has what is probably the highest monthly collection percentage among department stores in the United States and Canada. During 1937, their monthly collection percentages averaged 76.97 per cent.

The secret seems to be that the store lives up to its terms requiring "payment by the tenth"—and insists that its customers do likewise!

Believing that his collection procedure would be interesting to our readers, we asked H. J. Burris, Manager of Monthly Account Sales for a brief description of it. Here is his answer:

"With reference to our collection system: We think it is the proper system to use and we certainly have no evidence that it does anything but build respect for our firm and it really helps our business rather than injures it.

"We believe this because a paid up account, or an account which is in good standing is one which a customer will not hesitate to make use of; whereas, a customer having a long overdue account or one pyramided to figures she (or he) knows to be too high, will usually entirely stop trading with you and even give his cash business to your competitors.

"Next, we get a marvelous turnover on our accounts receivable and, *after all, profit is made on fast turnover.*

"I might say first of all that *we emphasize our terms* in our letter to our customers at the time an account is opened. They are also printed at the top of every statement we mail out. *This is, we think, the proper procedure in starting an account on the right track!*

"Itemized statements (*Figure 1*) are mailed so they will reach the customer on the first day of the month, without fail. This we also think is important, for we believe that 'the early bird gets the worm.' Self-addressed envelopes are enclosed with our statements and our records show that they *do* speed up collections. About 99 per cent of account payments coming in by mail reach us in our own envelopes.

"Our terms require settlement of our bills by the tenth of the month succeeding date of purchase. We wait until after the fifteenth of the month before any collection effort is made, because that will allow mail in transit to reach us and it also will give those persons who have a middle-month pay day an opportunity to pay us, which we find that many do. *Immediately after the fifteenth we begin our collection work.*

"All accounts of the previous month which have not been paid by that date will receive a notice like *Figure 2*. Accounts showing unpaid balances for the previous two months will receive the following letter:

"'Good customers like you, we have found, are always agreeably responsive when we ask their cooperation in maintaining our regular terms of monthly settlement.

"'According to these terms, your ---- account, \$---- is overdue and has probably been overlooked.

"'If you'll mail us your check now for this amount, it will be gratefully appreciated.'

"Accounts showing an unpaid balance of *three* months will receive the following letter:

"'This second friendly reminder comes to you because we have not received your check.

"'As stated in our first letter, we presumed you had just overlooked mailing it to us, but if payment is being withheld for any reason, won't you please let us know?

"'If your check is already on its way, just ignore this letter. Thank you.'

"Accounts showing a balance dating back as far as *four* months will be transferred to 'Suspense' and receive a letter like this:

"'You probably realize that it is not easy to ask a good customer for a remittance. The balance on your account, however, has been due us for quite some time.

"'We open accounts for our customers to make shopping easier, with the understanding that bills will be paid by the tenth of the month following purchase. Aren't you making it harder for yourself by allowing these unpaid bills to accumulate?

"'We urge you to cooperate with us by sending us your check promptly.'

"Accounts dating back as far as *five* months will receive a still stronger letter while accounts dating back *six* months will receive a letter like the one illustrated in *Figure 4*.

"Of course you must understand I am giving you a detailed routine here and one which cannot always be followed, because circumstances in some instances will warrant either a more strict or more lenient policy. It is not uncommon at all for personally dictated letters to be written or telephone calls to be made in between any of these regular form letters.


"We feel that only in rare instances should we use our own efforts longer than six months to collect an account. If we cannot collect one in that time through our own efforts, it is better to place the account in the hands of a good attorney and not lose the chance of ever collecting it.

"The records of our attorney show that he collects a much larger percentage of accounts we place with him for collection than he does of other stores with equal standing, because as a rule they wait much longer to turn over their accounts than we do and as a result their chances of collection have greatly decreased."

*Editor's Note:* *Figure 3*, illustrated on the next page, is a special statement used by Mr. Burris. Note that it carries one of the National's stickers as well as the notation that Taylor's is a member of the Merchants Association. *Figure 5* is an Association letter which Mr. Burris uses in final stages of collection. This letter is mailed from his office but in the Credit Association's envelope.

[illegible]

1024 TO 1040  
MAIN STREET  
BOST TOWNS  
BALTIMORE MD

  
**JOHN TAYLOR**  
**DRY GOODS Co.**

11 WEST 42ND ST  
NEW YORK

KANSAS CITY, MO.

4

Today, when analyzing your account, we noticed there remains a balance on purchases dating as far back as months.

Like all other stores, our bills are rendered the first of each month, and are payable in full by the tenth.

Any material deviation from these terms creates an added cost not anticipated at the time of sale; naturally reflects on credit ratings, slows up charge service; and during the period of overdueness, usually results in a reduction of further charge purchases, which is something we regret, because we want your patronage.

For these reasons, we shall be grateful for prompt payment, and then, we are sure, you will be better satisfied to use the account for your current requirements. May we have your favorable cooperation?

Yours very truly,  
JOHN TAYLOR DRY GOODS COMPANY

Mr. Monthly Account Sales.

AMERICAN

INCORPORATED  
L. J. WARCH  
JANUARY 1924  
JANUARY 1924

FOUNTAIN CITY, MISSOURI  
J. B. BISHOP  
JANUARY 1924

FOUNTAIN CITY, MISSOURI  
JOHN M. VAUGHN  
JANUARY 1924

MEMBERSHIP ASSOCIATION  
M. G. BILEY  
JANUARY 1924

# RETAIL CREDIT ASSOCIATION

Merchants Association Credit Bureau, Inc.

Sixth Floor Hawson Bldg., 1016 Walnut St.

KANSAS CITY, MISSOURI

5

You no doubt realize the importance of taking care of your obligations promptly. It takes cash to permit a business to function properly and the prompt payment of accounts is absolutely necessary.

This Association, an affiliate of the National Retail Credit Association, is interested in the betterment of retail credits, and maintains the Credit Bureau for the purpose of keeping an accurate record of how individuals pay their accounts.

We are not a collection agency, but want to help you protect your credit standing. Immediate settlement of the account listed below will prove beneficial to your record in our files.

Yours very truly,

RETAIL CREDIT ASSOCIATION.

To Whom Owed -

City -

Amount - \$

TREAT YOUR CREDIT AS A SACRED TRUST  
(Membership List on Back)

**DIRECTORS**

H. P. HOVEY ATTORNEY

S. E. BACHER JACHEN & COMMERCIAL CREDIT

A. E. BOEHM JEN. N. TRUCK BROS. CO.

H. W. McDONALD CITY SERVICE BROS. CO.

GEORGE LEINWEBER PRATT BROS. & TRUCK CO.

I. C. WEEKLEY J. R. LEONARD CHAS. CO.

V. SCOTT MICHIGAN & BROS

TILLIE VAN DYKE MORGAN BROS. & CO.

G. R. ALLISON JACHEN CITY SERVICE BROS. CO.

C. J. JEDLIKA THE MURDOCK BROS. CO.

W. D. TWYMAN BROTHERS BROS. CO.

R. E. VARNETT LEONARD & BROS. CO.

DAVID MORANTE JACHEN & COMMERCIAL CREDIT

W. A. SHUBB WOLF BROTHERS

H. J. BUEHLE JEN. N. TRUCK BROS. CO.

JOSEPH JEDLIKA JACHEN & COMMERCIAL CREDIT

EMIL JEDLIKA JACHEN & COMMERCIAL CREDIT

W. A. SHUBB WOLF BROTHERS

ARTHUR P. LOVETT JACHEN & COMMERCIAL CREDIT

F. M. STEVENS JACHEN & COMMERCIAL CREDIT

ARTHUR C. WEBB JACHEN & COMMERCIAL CREDIT

W. C. WANN JACHEN & COMMERCIAL CREDIT

A. G. EVANS JACHEN & COMMERCIAL CREDIT

V. B. GIBSON JACHEN & COMMERCIAL CREDIT

S. L. FOGEL JACHEN & COMMERCIAL CREDIT

J. WILLARD SMITH JACHEN & COMMERCIAL CREDIT

# Eleven Great Stores In Dallas, Texas All Connected via Telautographs With The Merchants Retail Credit Ass'n

Received 58,083 Reports and Had 99,708 References  
Cleared With TELAUTOGRAPHS Alone During One Year!

(PICTURE OF BUREAU ON OPPOSITE PAGE)

J. E. R. CHILTON, JR., MANAGER  
MERCHANTS RETAIL CREDIT ASSN.  
DALLAS, TEXAS, SAYS:

"This machine has been in existence many years, but only in the last eight years has it been introduced in the credit reporting field. Dallas and Fort Worth were the first cities in Texas to install the machines and they have proved very satisfactory; in fact, in a test between this and an electric typewriter it won out from the standpoint of speed and economy.

"There are eleven stores that have a receiver such as this instrument here. Titche-Goettinger and Sanger Brothers have two receiving units because of the volume of reports used daily. We have five transmitters and five full time operators. It is possible through the use of this instrument to write a full credit report to the store, thereby eliminating a person in the store having to devote so much time to the taking of credit reports. Also, all requests for ledger information, from the stores using telautographs, are sent over this unit at the hours of 10:30 A.M. and 2:30 P.M. This in itself almost saves the price of the machine in time of an employee at each store.

"The best thing besides speed that the telautograph does for stores in credit reporting is that it insures accuracy, and eliminates misunderstanding over the telephone. It also eliminates that human element of carelessness on the part of employees of the stores by not taking down all the information furnished by the bureau. And on the other hand, it puts the bureau on the spot by having a written record of just exactly what was given in the report. This makes our operators more careful in giving all information, or in other words, a complete report, not leaving out any pertinent factor.

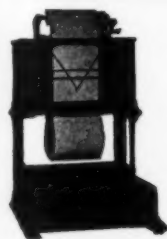
"Over these machines, it is possible to write to one store or any group of stores or the entire group at one time. All warnings sent out over the credit men's SOS system originate from this department, and are written to the entire group of eleven stores with one writing. This insures the transmission of this valuable information with the greatest possible speed.

"During the year 1936, 58,083 reports were given over these machines, and 99,708 references were cleared via the machines."



# AND FROM MILWAUKEE COMES THIS!

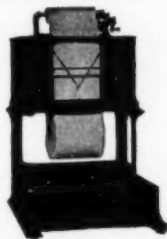
## After Seven Years of Telautograph Service Connecting Ed. Schuster's 3 Great Stores With the Bureau



6th & Mitchell

*Mr. E. Kant, Credit Manager, wrote to us as follows—*

"As you no doubt know from the article, Telautograph service plays a major part in our credit offices and we are always willing to give credit where credit is due."



30th & Garfield

*Mr. Kant, who is also a Director of the National Association, in an article published in "Credit World," October, 1937, said:*

"If a case cannot be handled from the information on file, a message is immediately written over the Telautograph and an answer is returned in slightly over one minute average time."



12th & Vleit



Telautographs at Merchants Retail Credit Ass'n, Dallas, Tex.

### 36 Bureaus and 212 Stores Are Now Using This System Yet

With Telautograph Rates Averaging About \$1.00 Per Day Per Store Connected—Some Bureaus and Some Stores Have Not Yet Ordered!

**Remember—Telautographs Require Only ONE Person's Time to Send or Receive Messages—and an Indelible Record Remains!**

*"The Telautograph . . . affords us the opportunity of having the desired information conveyed from the central records in a minimum of time."* FROM CREDIT WORLD—OCTOBER, 1937.

**WE HAVE 45 BRANCH OFFICES AT YOUR SERVICE!!**

**DEPENDABILITY**

**ECONOMY**

**SERVICE**

## TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES:

16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

MARCH, 1938

7



FRANKLIN BLACKSTONE  
General Chairman  
Frank & Seder, Inc.



H. E. WILSON  
Vice-Chairman  
and Entertainment  
Gimbel Brothers



H. C. ENGEL  
McCreery & Company  
President, Retail Credit  
Association of Pittsburgh



C. GUY FERGUSON  
Secretary, Retail Credit  
Association of Pittsburgh  
Manager, The Credit Bureau,  
Inc., Pittsburgh, Pa.



A. C. DUNN  
Reception  
John M. Roberts & Son  
Company



E. J. FISCHER  
Attendance  
A. J. Mansmann Co.



T. L. FORD  
Hotel Reservations  
Boggs & Buhl, Inc.



J. L. GILLESPIE  
Exhibits  
J. L. Gillespie Co.



D. H. GOLDMAN  
Advisory  
Rosa Goldman Co.



JOHN GWYER  
Printing  
John Gwyer Press



A. O. (Tony) FREY  
Convention Director  
Pittsburgh Convention &  
Tourists Bureau



CHARLES R. (Reggie) WILSON  
Sales Manager  
Hotel William Penn



R. W. SLOAN  
Transportation  
Reymer & Bros. Inc.



C. W. ORWIG  
Finance  
Commonwealth Trust Co.

## Pittsburgh Expects You In June!

THE RETAIL CREDIT ASSOCIATION OF PITTSBURGH is making plans for a record attendance of the Retail Credit Fraternity when the annual Convention meets at the Hotel William Penn in that city June 21, 22, 23 and 24.

General Chairman Blackstone has named his Committees and they are working assiduously in an effort to eclipse anything the National Association has done in the past in the way of attendance and activity.

Advance registrations indicate there will be at least 1,500 delegates from the various units of the National Retail Credit Association and the Associated Credit Bureaus of America.

The Committee *Chairmen* are named on this page, and there are more than one hundred serving with them on the various Committees.

No member can afford to miss the benefits of progressive credit ideas that will be presented at the 1938 Convention.

*Improve your credit knowledge through personal contacts and interchange of ideas*



W. B. MCCONNELL  
Registration  
Meyer Jonasson & Co.



H. W. LEONARD  
Publicity  
Joseph Horne Co.



C. G. KAESSNER  
Group Conference  
Kaufmann's



MRS. A. R. JOYCE  
Ladies  
Shields Shop

# Some Things Improve With Age-- But Not Accounts Receivable!



*A typical wine cellar*

***Many things improve with age. Wine, for instance. Years of aging and careful handling give it the flavor and bouquet which delight the palates of connoisseurs.***

But the passing of time does not enhance the value of the delinquent accounts receivable on your books. On the contrary, time takes its toll through the depreciation in the value of delinquent accounts—depreciation that sets in quickly and surely—depreciation at a rate much greater than that on your house or on your car, on your furniture, your fixtures and equipment.

Merchants and professional men too often hold on to their delinquent accounts *too long* before they enlist the aid of an outside "specialist" who is a master in handling delinquent accounts. They forget that *there is a profit vanishing point in every delinquent account* and that an actual loss sets in soon after the profit has vanished.

If you hesitate to call in a "Collection Specialist"

because of the fee that he charges, remember that your delinquent accounts in their present condition represent a potential loss and the longer you wait before you do call in the specialist, the greater the loss will be.

The Collection Service Division of the Associated Credit Bureaus of America, Inc. is a national organization, composed of 500 "Collection Specialists." They are ready and willing to serve you. They use the most modern equipment and methods. They are honest and efficient *and they do collect* if it is humanly possible to do so.

Arrange for a consultation with your "Collection Specialist," today, *in your office*. He will be glad to call and there will be no consultation fee. Write us if you do not know his name.

## COLLECTION SERVICE DIVISION

*of the*

## Associated Credit Bureaus of America

*Affiliated Bureaus of the National Retail Credit Association*

EXECUTIVE OFFICES

SAINT LOUIS





# The Barometer of Retail Business

## Credit Sales and Collection Trends

January, 1938  
versus  
January, 1937

Compiled by Research Division  
National Retail Credit Association  
Arthur H. Hert, Research Director

**C**OLLECTIONS during January decreased 2.1 per cent, credit sales 1.3 per cent and total sales 1.8 per cent as compared with January, 1937. These decreases were again attributed to a general decrease in employment throughout the country. Merchants are optimistic regarding the future and an improvement in retail business is expected beginning in March.

### HIGH-LIGHTS—CREDIT SALES

- 29 Cities reported decreases.
- 1.3% Was the average decrease for all cities.
- 23.0% Was the greatest decrease (Mount Clemens, Mich.).
- 40 Cities reported increases.
- 26.9% Was the greatest increase (Cincinnati, Ohio).
- 3 Cities reported no change.

Seventy-two cities, representing 24,228 retail stores, are included in this compilation.

Collections were off 5.0 per cent in *Augusta, Me.*, while credit sales increased 5.0 per cent and total sales remained unchanged. Working conditions appear a little more stable and prospects seem fair for the next two or three months. . . Collections were off in *Lewiston, Me.*, due to a decrease in industrial activity. . . Collections and credit sales were off 10.0 per cent respectively in *Manchester, N. H.*, as a result of continued unemployment. General improvement is expected within the next 30 days.

Collections were off in the *New York* and *Pennsylvania*

area for the second consecutive month. Credit sales ranged from a decrease of 4.0 per cent in *Utica, N. Y.*, to "no change" in *Pittsburgh*. Many steel mills were closed down in *Pittsburgh* while others were operating at about 20.0 per cent of capacity.

Collections were off 2.0 per cent in *Clarksburg* and *Charleston, W. Va.* There was a decrease in operations of industrial plants and coal mines.

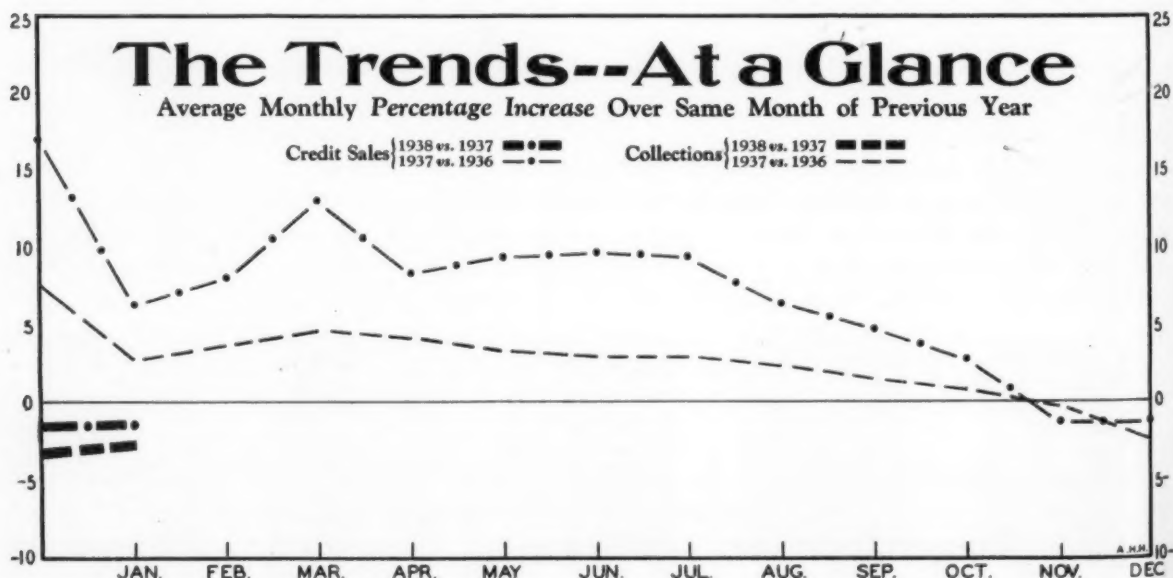
Collections remained unchanged in *Jacksonville* and *Fort Lauderdale, Fla.*, during January. *Fort Lauderdale* reported: "Merchants have been too busy selling to pay much attention to collections. Now it is necessary to look to their collections to meet their bills and they find that their negligence has made collections more difficult. Those merchants who have sold on ability and willingness to

### HIGH-LIGHTS—COLLECTIONS

- 49 Cities reported decreases.
- 2.1% Was the average decrease for all cities.
- 35.0% Was the greatest decrease (Mount Clemens, Mich.).
- 19 Cities reported increases.
- 20.0% Was the greatest increase (*Ada, Okla.*).
- 4 Cities reported no change.

pay find their collections above the average." Credit and total sales, however, were good.

Credit sales and collections were off 5.0 per cent respectively in *Frankfort, Ky.*, due to industrial plants closing down or operating on reduced schedules. . . *Lexington, Ky.*, however, reported a 2.0 per cent increase in collections while credit and total sales remained unchanged.





A large tobacco crop was reported with good prices. . . . *St. Louis* reported collections off 1.5 per cent.

In *Bay City, Mich.*, collections, credit and total sales were slow as a result of the closing of local automobile plants. . . . Collections were off 35.0 per cent while credit sales were off 23.0 per cent in *Mount Clemens, Mich.*—the greatest decrease of all cities reporting. These decreases were the result of curtailed employment.

Collections increased 7.5 per cent in *Cincinnati, Ohio*, while credit sales increased 26.9 per cent during January—the greatest increase in credit sales of all cities reporting. . . . Collections were off 4.1 per cent in *Dayton, Ohio*—credit sales were off 2.2 per cent and total sales were off 1.0 per cent. This was attributed to a decrease in employment; also, the average unit sale was less than in 1937. . . . Credit and total sales were only fair in *Toledo, Ohio*, as a result of a decrease in employment and a consequent decrease in income.

Collections were slow in *Cedar Rapids, Ia.*, and collections were off 1.5 per cent in *Omaha* during January. . . . Credit sales were slow in *Rapid City, S. D.* Merchants are optimistic regarding the future and an increase in credit sales is expected about March 1. It was reported that "a prospect of moisture and a good crop year would help this territory more than anything else."

In *Las Cruces, N. M.*, collections were slow while credit and total sales were off 10.0 per cent respectively due to low prices of cotton. . . . Collections, credit and total sales were reported good in *Ada, Okla.* Merchants are using greater care in the extension of credit and a good deal of new work is going on locally. . . . Collections, credit and total sales were good in *Tulsa, Okla.*—one women's specialty shop reporting an increase in credit

### HIGH-LIGHTS—TOTAL SALES

25 Cities reported decreases.

1.8% Was the average decrease for all cities.

20.0% Was the greatest decrease (*Toledo, Ohio*).

43 Cities reported increases.

25.0% Was the greatest increase (*Ada, Okla.*).

4 Cities reported no change.

sales of 39.4 per cent. . . . Collections, credit and total sales continue to increase in *Texas*. Collections, credit and total sales were good in *Borger, Tex.* Most employ-

(Continued on page 23.)

## Comparative Reports--By Cities--January, 1938, vs. January, 1937

[Seventy-Two cities--representing 24,228 retail stores--reporting]

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	- 5.0	Fair	+ 5.0	7. Cedar Rapids, Ia.	Slow	- 5.0	Good	+14.0
Lewiston, Me.	Slow	- 0.1	Fair	+ . . .	Davenport, Ia.	Fair	+ 0.4	Fair	+ . . .
Boston, Mass.	Fair	- 0.8	Fair	+ . . .	Des Moines, Ia.	Slow	- 3.2	Fair	+ . . .
Lynn, Mass.	Fair	- 1.6	Fair	+ . . .	Sioux City, Ia.	Fair	- 2.7	Fair	+ . . .
Worcester, Mass.	Slow	- 2.9	Fair	+ . . .	Duluth, Minn.	Good	+ 1.0	Good	+ . . .
Manchester, N. H.	Fair	-10.0	Slow	-10.0	St. Paul, Minn.	Slow	- 0.1	Slow	- . . .
Providence, R. I.	Fair	- 1.5	Slow	-15.0	Omaha, Neb.	Fair	- 1.5	Slow	- . . .
Average	Fair	- 3.1	Fair	- 6.6	Rapid City, S. D.	Fair	+ . . .	Slow	- . . .
2. New York City	Good	- 1.6	Good	+ . . .	Average	Fair	- 1.6	Fair	+ . . .
Syracuse, N. Y.	Fair	- 1.8	Good	+ . . .	*8. Las Cruces, N. M.	Slow	-20.0	Fair	-10.0
Utica, N. Y.	Slow	- 3.0	Slow	- 4.0	Ada, Okla.	Good	+20.0	Good	+25.0
Erie, Pa.	Good	- 1.0	Fair	+ 1.0	Tulsa, Okla.	Good	+ 4.2	Good	+ 9.3
Pittsburgh, Pa.	Fair	- 1.0	Fair	No chg.	Abilene, Tex.	Slow	- 5.1	Slow	- 1.7
Reading, Pa.	Slow	- 4.7	Fair	+ . . .	Austin, Tex.	Good	+ 3.4	Good	+ 1.1
Uniontown, Pa.	Slow	- 8.0	Slow	- 5.5	Borger, Tex.	Good	+14.0	Good	+15.0
Average	Fair	- 3.0	Fair	- 2.1	Dallas, Tex.	Slow	- 3.6	Slow	- 1.4
3. Baltimore, Md.	Slow	- 1.1	Fair	+ . . .	Fort Worth, Tex.	Good	+ 3.5	Good	+ 2.2
Clarksburg, W. Va.	Fair	- 2.0	Fair	- 3.0	Galveston, Tex.	Slow	- 5.6	Slow	- 4.3
Charleston, W. Va.	Fair	- 2.0	Fair	+ 2.5	Houston, Tex.	Fair	- 0.9	Fair	+ 0.7
Average	Fair	- 1.7	Fair	- 0.2	San Antonio, Tex.	Slow	- 2.0	Slow	-11.3
4. Fort Lauderdale, Fla.	Fair	No chg.	Good	+18.0	Waco, Tex.	Fair	- 2.7	Good	+ 4.4
Jacksonville, Fla.	Fair	No chg.	Fair	No chg.	Average	Fair	+ 0.4	Fair	+ 2.4
Charleston, S. C.	Fair	No chg.	Fair	-10.0	9. Denver, Colo.	Fair	- 1.9	Fair	+ 4.0
Average	Fair	No chg.	Fair	+ 2.6	Pueblo, Colo.	Fair	- 5.0	Slow	-15.0
5. Little Rock, Ark.	Good	+ 1.3	Fair	+ . . .	Casper, Wyo.	Good	+ 4.3	Good	+ . . .
Frankfort, Ky.	Fair	- 5.0	Fair	- 5.0	Cheyenne, Wyo.	Slow	-10.0	Slow	-10.0
Lexington, Ky.	Good	+ 2.0	Fair	No chg.	Torrington, Wyo.	Slow	-10.0	Slow	-10.0
Kansas City, Mo.	Fair	- 0.8	Fair	+ . . .	Average	Fair	- 4.5	Fair	- 7.7
St. Louis, Mo.	Fair	- 1.5	Fair	+ . . .	10. Lewiston, Ida.	Slow	-15.0	Slow	-12.5
Average	Fair	- 0.8	Fair	- 2.5	Portland, Ore.	Fair	- 0.4	Fair	+ . . .
6. Decatur, Ill.	Good	+ 5.0	Good	+ . . .	Aberdeen, Wash.	Slow	- . . .	Slow	- . . .
Joliet, Ill.	Fair	+ . . .	Slow	- . . .	Spokane, Wash.	Fair	- 1.1	Fair	+ . . .
Bay City, Mich.	Slow	- 5.0	Slow	- 4.0	Vancouver, Wash.	Slow	- 3.7	Slow	+ 2.0
Detroit, Mich.	Fair	- 4.2	Slow	-15.8	Average	Slow	- 5.0	Slow	- 5.2
Grand Rapids, Mich.	Fair	+ 1.0	Fair	- 2.0	11. San Francisco and	Good	+ 0.6	Fair	- 2.0
Mount Clemens, Mich.	Slow	-35.0	Slow	-23.0	Oakland, Calif.	Good	+ 2.0	Fair	- 3.0
Cincinnati, Ohio	Good	+ 7.5	Good	+26.9	Santa Barbara, Calif.	Good	+ 1.3	Fair	- 2.5
Cleveland, Ohio	Fair	- 2.7	Fair	+ . . .	Average	Good	+ 0.6	Fair	- 2.5
Columbus, Ohio	Fair	- 1.3	Fair	+ . . .	12. Vancouver, B. C.	Good	+ 0.6	Good	+ . . .
Dayton, Ohio	Fair	- 4.1	Good	- 2.2	Victoria, B. C.	Good	No chg.	Good	+ 1.0
Toledo, Ohio	Fair	- 5.0	Fair	-10.0	Average	Good	+ 0.3	Good	+ 0.5
Milwaukee, Wis.	Fair	- 2.8	Good	+ . . .					
Average	Fair	- 4.2	Fair	- 4.3					

\*NOTE: Figures for Texas cities, with the exception of Borger, from Bureau of Business Research, University of Texas.

# CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN



ONE of the secrets of effective collection letters (and other mediums) is variation—"changing the step," so to speak, to vary the monotony of those old "Please Remit" appeals.

It may be a variation in the get-up of a letter. It may be a new type of message or appeal; it may be the breaking in of a printed piece just to vary the series.

In this month's display (shown on the next page) are several exceptionally good collection pieces. Take for instance, the Loveman Letter—Figure 1. It is short. It is courteous. It states its message clearly and unmistakably yet in friendly language. That's a good will builder, that letter.

Stack & Company "change step" on collection effort with an ingenious little printed slip which is stapled onto the face of the statement. This slip (Figure 2) combines a clear restatement of terms with a polite request for payment.

The letter in Figure 3 is a different kind of letter, sent in by Mr. W. F. Bradley, Credit Manager of Gump's, San Francisco, with this explanation:

"Enclosed is a letter we use on charge purchases (mostly small purchases) made by customers who have no charge accounts but who charge the purchases thinking that they have.

"We find this a frequent occurrence in our business, probably due to the fact that our clientele, being of a highly responsible type, and having charge accounts at most of the downtown stores, are prone to forget at which stores they do not have accounts. This letter has also been used on larger purchases, a credit check-up, of course, first being obtained from the credit bureau.

"Inasmuch as results speak for themselves, you will be interested in knowing that of many hundreds of such letters sent out, we have yet to receive a single 'kick-back.' The gratifying part of it is that complimentary replies are being continually received from the customers.

"It results in accounts being properly established and rectifies incorrect spelling on the books."

*As a good will builder, that letter would seem to be worth while.*

Figure 4 is a statement used by Stix, Baer & Fuller Company with, according to Sig. Wolfort, Credit Manager, excellent results. The unique part of this statement is the two small flaps die-cut at the bottom of it. The flap which reads "Please" has this wording on the inside: "Cooperate With Our Credit Department" while the flap reading "Why?" carries this message on the inside: "To Fully Enjoy the Advantages of Your Charge Account." This statement is printed on white paper but there are two others on different colored paper and using different messages which are used on accounts in varying stages of delinquency.

Figure 5 is a variation of the "annual audit" idea which, Mr. Wolfort says, has been very successful. Notice that while the form asks for information it also has a space for remittance or definite promise of payment. Another variation is that it is signed by the "Audit Committee." That makes it sound genuine and gives it importance in the eyes of the debtor.

The letter in Figure 6 is a public utility letter designed to overcome the habit of some customers of letting bills run a month behind. This letter could also be used by retail stores.

It was taken from the Puget Sound Power Company's "Credit and Collection Correspondence Manual," originated and produced under the supervision of Mr. R. Wm. Peterson, Credit Manager.

This manual is quite complete. In addition to routine instructions, it has sections and actual forms devoted to Appreciation Letters; Closing Bill Letters; Closing Sentences or Paragraphs; Collection Letters; Deposit Letters; Discontinuance Letters; Letter Analyses; Letterheads and Copy Sheets; Merchandise Letters; Miscellaneous Letters; Novelty Collection Letters; Opening Sentences and Paragraphs; Seasonal Letters; and Stockholder-Customer Letters.

\* \* \* \*

## "Better Letters" Service Is Back

In response to the demands of former subscribers, we have revived the "Better Letters" Service, a monthly service which brings to subscribers new letters (originally written) and letter ideas and suggestions each month.

You who read these pages each month have, no doubt, many times wished for such a service. The Better Letters Service will bring you:

1. Each month—a four-page "Better Letters" Bulletin, crammed with thought-provoking suggestions and ideas, ideas that will make you *think* and write *better letters*.
2. Each month, copy for one new letter to solicit new charge accounts or new credit customers; also copy for one new letter to revive inactive accounts.
3. Every three months—copy for six new collection letters.
4. The right to submit any of your letters for expert revision, suggestions or criticism.

All material in this Service is written by the author of this page. The special introductory price is \$15.00 a year.

Order it on approval, with the assurance that if it is not satisfactory in every way you may return it and the bill will be cancelled.

\* \* \* \*

*Twenty-Sixth Annual Convention—Pittsburgh, Pa., June 21, 22, 23 and 24, 1938. Hotel William Penn. Make your plans now to attend.*





# Proper Bureau Records On Installment Accounts

By L. S. GILBERT\*

Manager, Credit Service Exchange, Atlanta, Ga.

**I**NSTALLMENT credit has been held largely responsible for the depression of 1929 and has likewise been upheld as the one "safe and sound" form of credit used during that time. There are stores using installment credit solely, or in large part, to produce volume, and there are others who frown upon it as a poor relation. All of this must be forgotten for the moment, while we consider whether or not this type of credit is under proper control, and if not, what should be done about it.

Installment credit was, originally, credit extended over a period of time, with agreed payments on agreed dates, but for some reason or other, the term "Installment" seemed to lose caste and the budget plan was introduced, also contract accounts, ten-week plan, five-week plan, the weekly plan and various others, depending upon the ingenuity of the one devising them. But, whatever the term used, it still comes under the classification of "Installment Credit," and it appears that a large number of open accounts are in reality, installment accounts, because the customer makes them so.

I have asked the question several times recently, how many customers pay regularly and in full within thirty days after receiving statement? In other words, how many accounts are, strictly speaking, monthly accounts? There seems to be a lack of knowledge on the subject, and estimates have ranged all the way from 10 to 50 per cent.

Based upon observation of a great many credit reports handled during the past seventeen years, it is my opinion that 25 per cent is optimistic, and that 15 per cent would probably come closer to the actual figures. If such is the case, and 85 per cent of our accounts make only partial payment, or no payment at all, during the month following receipt of statement—aren't they in fact installment accounts, but without the many protective features and the definite agreement that the ordinary installment account carries?

The average citizen is honest, but the average citizen is not a good manager. Notice, we do not say that he is a poor manager, but we do say that he is not a good manager. He is not inclined to plan ahead, to budget his finances, to provide a reserve for emergencies, and too often, he does not keep his current obligations within his current income.

It used to be said of children at the table, "that their eyes were bigger than their tummys," and that is altogether too true of a large number of our customers. Their desires exceed their ability, and too often their desires are

gratified because of our inclination to sell without proper consideration of the customer's ability to pay, and, if we come within that category, then we must be classed as poor managers.

This person, who is called not a good manager, is also said to be extravagant, or living beyond his income, but it amounts to the same thing. He is inclined to buy more than he is able to pay for, and when it happens that he has overbought, and has committed himself for more than his income warrants, it is the open account creditor who suffers most. The installment creditor is in better position to get his money.

The average individual lives pretty much according to a pattern; one that is prescribed for him, or one that he works out for himself. He does about the same things every day—thinks the same thoughts, and when he is suddenly confronted with something outside of the regular routine, he must stop and consider, and the chances are that his decision in the matter will be governed by the habits he has already formed. As applied to credit this gives distinct advantage to the installment or contract account. It is said that such accounts are paid promptly because the customer is subject to surrender of the merchandise if he fails to pay, and no doubt this applies in some aggravated cases, but I think the ordinary installment contract is carried out because of a specific agreement set down in writing and thoroughly understood by the customer. It becomes a part of the pattern.

An official of one of our largest banks, in talking to our association recently, said that he had found that the borrower at his bank who constantly renewed an open note could be changed over to a monthly repayment plan, and the loan would be liquidated promptly.

---

## Editor's Note:

Mr. Gilbert here presents a problem deserving of much discussion and the earnest consideration of all credit granters. Knowing the extent of the prospective credit customer's commitments, as well as of his "spendable" income, is really necessary to intelligently grant credit.

---

We are agreed that the average citizen is honest. He wants to do the right thing, and with proper cooperation and barring unfortunate contingencies, he will. But, he cannot pay out \$110.00 on a \$100.00 income, and it is when he finds himself in that predicament, with pressure being brought to bear upon him that he deserts the honest

\*An address before the Joint Conference of Districts Three and Four, Nashville, Tenn., February 13-16, 1938.



class and becomes what we might call a fugitive from creditors.

"Bureau Records on Installment Accounts": Based upon limited observation and considering the subject in its largest sense, it can be said they do not exist. I reviewed the first fifty reports coming into our office from other bureaus after starting work on this paper, to determine: First, whether or not installment accounts were classified as such, and distinguished from open accounts; second, if on such accounts the amount of monthly or weekly payments were shown. This very limited survey showed, that, of the total accounts listed in all the reports, 13 per cent were installment, of one type or another, and of this 13 per cent—26 per cent showed the amount of the contract payments. Thirty of the reports showed no installment accounts at all, while the balance showed a ratio of five open accounts to three installment accounts. Most of the reports were from the Southeastern bureaus, although a few were from the East, North and Southwest.

Admittedly the survey is too meager to establish any worth-while facts; except one, and that is, that we are not doing a good job of reporting installment accounts, because if we were, these fifty bureaus, almost without exception, would have shown one or more installment accounts in their reports. It is believable that not even the majority of these people were buying furniture, an automobile, or a home on installment payments, as they are generally regarded, but it is safe to say that somewhere in the credit transactions of all of them, there is some type of broken-payment credit accounts.

Now it is possible that this is "much ado about nothing," and that it isn't necessary for bureaus to change their present methods. The fact that there has been no general discussion of the subject heretofore would indicate that report users have not been conscious of an unfilled need in that respect, but granting that it has not been a problem and may not even be a problem today, it is easy to assume that it will become one in the not-far-distant future. Credit, other than the regular thirty-day account, is coming into more general use.

We discussed, at this conference two years ago, the probable effect of long-term financing sponsored and insured by the Federal Government. There can be little doubt that it altered the conception of installment credit and, probably more important, it popularized installment credit with a class of people who had not formerly bought on that basis. In other words, it brought into installment fields a class of buyers who had formerly bought only on open account and who in some cases, considered installment buying as beneath their dignity.

At any rate, we find today that broken payments, whatever they may be called, are more popular than ever and are in greater demand. Our best houses, of long established reputation as open account credit houses, are being solicited for divided payment accounts by some of their best customers and competition of others already in the field is forcing them to comply or lose the business.

Broken payments in men's stores are becoming more and more popular, and department stores are introducing bargain basements, and other lower-priced departments in which they use some form of contract accounts. Once started, these things are inclined to infiltrate through the entire establishment unless the strictest barriers are set up

to bind them within certain limits and even this is done at the risk of jeopardizing good business.

The Department of Commerce Retail Credit Survey for 1936 showed that installment credit had advanced from 12.8 to 14 per cent, an increase of 1.2 per cent over the country as a whole, over the preceding year. The tendency is toward more installment credit in its various forms.

We have long heard of the three "C's" of credit—character, capital, and capacity. Character is a back-log and controlling influence in all consumer accounts. Capital is too often an altogether missing element; but capacity is something we can tie to. It is tangible, and may be reduced to a mathematical formula. Let's give it another term—let's call it spendable income, because it is fairly simple to arrive at the amount of spendable income an individual may possess.

We are considering now the average citizen, the one who is honest, but not a good manager, and in arriving at his spendable income we are stripping him of all unusual conditions and encumbrances. He has an income and he has a family to support.

Spendable income, then, is that portion remaining after deducting fixed living expenses and commitments. To reduce to a mathematical formula, we will let "A" represent income, "B" fixed living expenses, "C" commitments and "X" the unknown quantity—spendable income. And, we have  $A \text{ minus } B \text{ minus } C \text{ equals } X$ . We have an income of \$150.00, living expenses \$100.00, commitments \$25.00, and we have \$150.00 minus \$100.00 minus \$25.00, leaving \$25.00 as spendable income. *And this is where bureau records should come rather prominently into the picture.*

Credit Control is supposed to function around the credit bureau, where consolidated records are kept, showing the indebtedness and bill-paying habits of the community. If we are correct in forecasting the increased use of installment credits, and establishing the importance of ascertaining spendable income, the bureau must go farther than it has gone, according to our survey, and show in all cases the amount of commitments on installment accounts. So far as the bureau and its members are concerned, it is a simple operation, it being only necessary to add another column in the usual trade report showing the amount of contract payments.

It would be a simple matter then to add these up, take into consideration probable living expenses, and deduct the whole from the income as shown, and we could see at a glance the amount of spendable income remaining which might be applied on the purchase of additional merchandise, on either open or installment accounts. It is a simple operation for the bureau and its members, *providing there is complete cooperation*, but there is another element entering the situation, which, because we are dealing with installment credit, is of considerable importance. That is, non-members of the bureau.

In every community, we have what might be called "fringe" merchants. They are the ones who are located on the edges of the retail district, who reach down into a lower strata of credit risks for their customers, and who sell almost entirely on the installment plan. These merchants are either not members of the bureau, or use the

*(Continued on page 31.)*

# The Nation's Collection Percentages

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY STORES																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
	1938			1937			1938			1937			1938			1937			1938			1937			1938	1937																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
Boston, Mass.	49.0	76.9	44.2	46.9	77.7	43.0	15.4	23.8	13.9	14.9	21.4	13.0	53.4	57.4	44.2	57.3	70.0	44.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—</

# January, 1938, Versus January, 1937

JEWELRY STORES		MEN'S CLOTHING STORES									SHOE STORES									AUTO ACCESSORIES, TIRES, GAS AND OIL									MISCELLANEOUS								
1937		1937			1938			1937			1938			1937			1938			1937			1938			1937			1938			1937					
AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.					
10.0	65.7	71.0	75.4	66.7	—	69.7	—	—	61.7	—	—	—	65.2	—	—	65.2	—	—	69.8	—	—	72.5	—	66.7	73.0 <sup>12</sup>	52.0 <sup>12</sup>	66.7	73.1 <sup>12</sup>	50.0 <sup>12</sup>	66.7	73.0 <sup>12</sup>	52.0 <sup>12</sup>					
12.0	—	—	—	—	—	—	—	—	—	—	—	53.0	55.0	51.0	59.8	61.0	58.7	—	—	—	—	—	—	66.5	73.8 <sup>12</sup>	37.0 <sup>12</sup>	62.5	80.7 <sup>12</sup>	56.0 <sup>12</sup>	62.5	80.7 <sup>12</sup>	56.0 <sup>12</sup>					
18.7	10.0	—	11.9 <sup>12</sup>	—	—	—	—	—	88.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	69.0	88.2 <sup>12</sup>	58.0 <sup>12</sup>	73.6	78.1 <sup>12</sup>	57.0 <sup>12</sup>	73.6	78.1 <sup>12</sup>	57.0 <sup>12</sup>					
—	—	—	—	—	—	45.0	—	—	45.0	—	—	56.6	67.3	46.0	56.3	67.6	45.0	—	—	—	—	—	—	81.1 <sup>12</sup>	97.0 <sup>12</sup>	65.2 <sup>12</sup>	81.4 <sup>12</sup>	98.2 <sup>12</sup>	64.5 <sup>12</sup>	81.4 <sup>12</sup>	98.2 <sup>12</sup>	64.5 <sup>12</sup>					
—	—	—	—	—	—	50.0	61.0	39.0	73.5	106.0	41.0	—	47.1	—	—	51.0	—	—	54.3	—	57.7	58.8	56.7	75.0	88.1 <sup>12</sup>	36.0 <sup>12</sup>	70.0	87.0 <sup>12</sup>	41.0 <sup>12</sup>	70.0	87.0 <sup>12</sup>	41.0 <sup>12</sup>					
8.6	—	—	40.0	—	—	62.6	75.0	49.1	64.1	68.0	47.3	77.0	85.9	68.2	81.5	96.5	66.5	77.9	81.7	74.2	73.6	81.0	66.2	58.4	81.0 <sup>12</sup>	50.6 <sup>12</sup>	58.9	82.0 <sup>12</sup>	55.6 <sup>12</sup>	58.9	82.0 <sup>12</sup>	55.6 <sup>12</sup>					
13.0	10.8	3 <sup>12</sup>	61.6	66.2	71.2	62.0	—	—	—	—	—	51.1	51.3	51.0	51.7	54.4	49.0	—	—	—	—	—	—	77.3 <sup>12</sup>	85.0 <sup>12</sup>	62.0 <sup>12</sup>	78.9 <sup>12</sup>	85.5 <sup>12</sup>	67.0 <sup>12</sup>	78.9 <sup>12</sup>	85.5 <sup>12</sup>	67.0 <sup>12</sup>					
—	—	—	—	—	—	41.8	46.6	37.1	52.2	58.8	45.7	—	—	—	—	67.0	—	—	88.4	—	—	88.3	—	41.9 <sup>12</sup>	53.5 <sup>12</sup>	30.4 <sup>12</sup>	60.3 <sup>12</sup>	71.0 <sup>12</sup>	49.7 <sup>12</sup>	60.3 <sup>12</sup>	71.0 <sup>12</sup>	49.7 <sup>12</sup>					
11.6	9.6	—	—	—	—	—	—	—	36.7	44.1	28.4	—	—	—	—	46.0	—	55.6	75.6	35.6	55.2	72.0	38.4	59.7	79.5 <sup>12</sup>	40.0 <sup>12</sup>	72.0	110.0 <sup>12</sup>	44.0 <sup>12</sup>	72.0	110.0 <sup>12</sup>	44.0 <sup>12</sup>					
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	44.0	46.6	41.5	47.8	59.0	40.6	46.7	50.8	43.3	50.3	58.7	47.0	—	—	—	—	—	—	—	—	—	—	43.8	46.7 <sup>12</sup>	41.0 <sup>12</sup>	43.8	46.7 <sup>12</sup>	41.0 <sup>12</sup>				
13.2	10.7	—	—	—	—	41.2	44.6	37.0	41.8	46.6	37.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
13.1	10.7	3 <sup>12</sup>	36.3	—	—	30.9	32.3	29.6	33.1	34.5	31.8	—	—	—	—	—	—	—	—	—	—	—	—	38.0	43.4 <sup>12</sup>	32.7 <sup>12</sup>	35.1	39.2 <sup>12</sup>	31.1 <sup>12</sup>	35.1	39.2 <sup>12</sup>	31.1 <sup>12</sup>					
11.5	9.6	—	—	—	—	49.0	56.2	42.0	52.3	62.7	45.8	—	46.2	—	51.7	64.5	47.0	80.0	80.2	45.6	79.3	84.9	44.2	70.6	92.2 <sup>12</sup>	46.0 <sup>12</sup>	76.6	87.6 <sup>12</sup>	44.0 <sup>12</sup>	76.6	87.6 <sup>12</sup>	44.0 <sup>12</sup>					
12.5	9.2	2 <sup>12</sup>	53.0	53.3	59.0	47.6	37.4	42.0	33.7	41.1	44.0	38.7	—	77.0	—	60.0	—	67.5	83.0	52.3	64.7	79.0	50.4	—	60.7 <sup>12</sup>	—	58.1	58.6 <sup>12</sup>	57.7 <sup>12</sup>	58.1	58.6 <sup>12</sup>	57.7 <sup>12</sup>					
—	—	—	32.8	49.7	18.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
11.9	9.2	3 <sup>12</sup>	43.0	61.8	76.3	45.4	52.1	67.1	44.1	50.3	72.0	43.8	—	47.3	—	50.1	—	—	—	—	—	—	—	62.4 <sup>12</sup>	76.3 <sup>12</sup>	51.0 <sup>12</sup>	62.8 <sup>12</sup>	83.3 <sup>12</sup>	49.4 <sup>12</sup>	62.8 <sup>12</sup>	83.3 <sup>12</sup>	49.4 <sup>12</sup>					
—	—	—	53.4	57.1	61.8	52.4	44.4	52.9	35.9	41.2	49.5	32.9	67.8	74.0	61.6	59.0	63.1	—	—	—	—	—	—	62.2	77.9	43.0	60.0	65.3	54.0	60.0	65.3	54.0					
45.0	10.0	—	—	—	—	—	39.0	—	—	42.0	45.5	38.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
17.8	—	2 <sup>12</sup>	39.0	49.1	62.2	36.0	36.9	38.1	35.7	38.0	38.1	37.9	—	—	—	—	—	—	25.0	—	41.0	43.0	39.0	64.5	65.0 <sup>12</sup>	20.0 <sup>12</sup>	45.0	67.7 <sup>12</sup>	23.0 <sup>12</sup>	45.0	67.7 <sup>12</sup>	23.0 <sup>12</sup>					
19.9	16.0	—	—	—	—	—	29.5	35.5	20.0	37.6	46.7	21.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	56.6	61.9	63.9	60.0	49.8	57.2	45.5	57.0	62.0	47.0	51.3	55.8	46.8	54.6	56.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
22.2	9.0	—	—	—	—	47.0	82.5	24.0	56.1	78.5	41.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
8.0	—	—	40.0	62.4	74.9	50.0	45.0	46.9	41.0	48.9	50.0	43.0	48.0	52.5	43.6	52.2	59.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
30.4	11.2	4 <sup>12</sup>	47.4	38.2	40.0	36.4	30.8	37.6	24.0	41.7	47.6	35.8	39.1	41.7	36.5	34.6	38.2	58.7	75.0	33.0	53.8	72.0	27.0	60.8 <sup>12</sup>	67.3 <sup>12</sup>	53.0 <sup>12</sup>	61.0 <sup>12</sup>	67.0 <sup>12</sup>	49.8 <sup>12</sup>	61.0 <sup>12</sup>	67.0 <sup>12</sup>	49.8 <sup>12</sup>					
—	—	—	—	—	—	—	—	—	—	40.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40.8	66.2 <sup>12</sup>	21.0 <sup>12</sup>	40.8	66.2 <sup>12</sup>	21.0 <sup>12</sup>				
15.5	9.4	—	—	—	—	35.6	37.5	32.0	35.0	35.0	35.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	46.5	—	—	—	54.4	—	—	—	72.0	—	77.0	—	—	30.7	—	—	26.5	—	65.7 <sup>12</sup>	89.0 <sup>12</sup>	43.9 <sup>12</sup>	66.6 <sup>12</sup>	83.0 <sup>12</sup>	55.5 <sup>12</sup>	66.6 <sup>12</sup>	83.0 <sup>12</sup>	55.5 <sup>12</sup>					
—	—	—	26.5	—	—	48.9	52.3	45.6	52.9	54.0	51.9	—	—	—	—	—	—	54.0	59.0	49.0	50.5	53.0	48.0	—	57.0 <sup>12</sup>	—	—	48.0 <sup>12</sup>	—	—	—	—					
—	—	—	—	—	—	49.8	50.3	49.2	53.5	55.8	51.3	—	51.0	—	—	55.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	41.1	43.3	39.0	41.5	45.1	38.0	40.5	57.0	24.0	54.0	57.0	51.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	42.0	—	—	42.2	—	—	—	—	42.0	—	45.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	54.3	—	—	57.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
10.0	9.3	2 <sup>12</sup>	—	18.0 <sup>12</sup>	—	48.1	63.8	32.2	49.2	64.4	32.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
10.3	8.0	5 <sup>12</sup>	—	10.7	—	44.2	45.7	42.7	45.0	48.5	41.2	43.5	47.7	39.2	52.4	65.6	39.1	—	68.0	—	—	91.0	—	65.7	80.0 <sup>12</sup>	36.7 <sup>12</sup>	53.6	70.0 <sup>12</sup>	49.7 <sup>12</sup>	53.6	70.0 <sup>12</sup>	49.7 <sup>12</sup>					
—	—	—	—	—	—	46.5	48.0	45.0	44.5	59.0	30.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	7.3 <sup>12</sup>	14.1 <sup>12</sup>	22.6 <sup>12</sup>	6.8 <sup>12</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
13.0	—	—	18.9 <sup>12</sup>	27.8 <sup>12</sup>	36.9 <sup>12</sup>	18.9 <sup>12</sup>	39.0	43.0	35.0	39.7	43.3	36.0	—	—	—	—	—	—	60.2	—	—	—	—	—	60.0	76.0 <sup>12</sup>	20.0 <sup>12</sup>	59.0	92.0 <sup>12</sup>	27.0 <sup>12</sup>	59.0	92.0 <sup>12</sup>	27.0 <sup>12</sup>				
31.6	10.1	—	—	—	—	35.4	47.1	34.4	35.9	46.6	33.6	43.1	69.5	39.7	46.5	68.0	39.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	—	—	—	52.3	54.3	50.8	—	—	—	—	56.4	59.9	43.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	54.7	—	—	63.7	69.5	57.6	62.8	75.3	50.7	51.6	58.2	46.0	51.6	63.8	43.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
15.0	13.0	—	—	—	—	—	—	—	36.0	40.0	33.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
12.0	—	—	30.0 <sup>12</sup>	—	21.0 <sup>12</sup>	—	40.0	40.6	34.6	39.0	40.0	38.0	—	52.0	—	—	—	—	68.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—							

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

cleaning 12Optician 14Stationery, Office Supplies 16Hardware 18Dairy 20Sporting Goods 22Electrical Supplies  
Builders' 13Grocery 15Florist 17Music 19Drugs 21Leather Goods

Division of United States and Canada -- Contribute These Figures Monthly



# The Charga-Plate As a Successful Group Operation in St. Louis

By SIG. WOLFORT\*

Credit Manager, Stix, Baer & Fuller Company, Saint Louis

**A** SYSTEM so very much worthwhile as the *Charga-Plate* is, I believe, of sufficient value to retail establishments as to have time on our conference program, and after a year-and-a-half of operation with this new method of doing charge business, some of our conclusions in St. Louis may be of interest to you.

In October, 1936, the six leading retail establishments in St. Louis established this new convenient community Charga-Plate System: Famous-Barr Company; Scruggs-Vandervoort-Barney, Inc.; Stix, Baer & Fuller D. G. Company; Kline's, Inc.; Sonnenfeld's; and T. W. Garland's, Inc. Inasmuch as a group of stores were cooperating, a central office was created, adjacent to the Credit Bureau and, in keeping with our merchants' policy in St. Louis, this new endeavor was placed on its feet, incorporated and staffed with a personnel that we feel is doing a splendid job.

Shopping has been made more easy to more than 100,000 customers of our member stores, and the consensus of opinion is that in a measure this is the link merchants have been seeking for an improved method or system whereby the shopping of their charge customers might be simplified and made more convenient.

In order that you may understand more fully the Charga-Plate System, I will divide my remarks into:

First: What it is.

Second: How it serves the public—and the store.

## What It Is

First: The Charga-Plate, in a simple explanation, is a small metal, non-tarnishing, alloy plate embossed with the customer's name, address, and code number, bearing on the reverse side, the facsimile signature of the customer or, if an authorized buyer, such buyer's signature. The plate is notched both top and bottom. These notches, being cut in position to fit pins located in each addresser in the member store, are the control features of the Charga-Plate.

An exclusive combination of notches is given to each group installing Charga-Plate, each member store having an individual exclusive position preventing a plate other than those issued or notched by a particular store being used in its addressers. Each Charga-Plate is enclosed in a stitched edge imitation leather case, presenting an attractive appearance for the convenience of the customer.

Each member of our group in St. Louis is supplied with a sufficient number of addressers in order that they may be located conveniently throughout the store. The Charga-Plate is inserted for printing the customer's name on the sales ticket and tissues, all imprints being made at the

same time. Five to ten seconds usually complete this part of the transaction.

It is important here to observe that this printed sales-check is one of the improvements in handling charge transactions we have been seeking for over 50 years. This imprint is clear, legible and accurate. Our Central Office in St. Louis is equipped with a Graphotype, or plate-making machine, also a plate straightener, notchers, addressers and files containing now some 110,000 names.

## How It Serves

The more interesting view of the Charge-Plate System is how does it serve? Briefly, I will first approach this problem for you from the point of view of how it serves the customer:

1. It provides faster service. While handwritten names and addresses may take several minutes, Charga-Plate requires only a few seconds.
2. Eliminates wrong addresses and mistakes in spelling, billing and deliveries.
3. The Charga-Plate serves as an identification anywhere.
4. It is convenient and simple, avoids the necessity of being asked to repeat spelling of name and address. It eliminates embarrassments. We have had contact with more than 100,000 customers in St. Louis and have received many hundreds of letters such as this:

"Dear Charga-Plate Associates:

"Please send my new plate with my new address. I shall appreciate having the Charga-Plate as it will facilitate my Christmas shopping. It is a wonderful convenience."

Another customer wrote:

"The Charga-Plate was received and I thank you very much. It is a wonderful service and makes shopping a pleasure."

An out-of-town customer recently wrote:

"We find the Charga-Plate a great convenience when shopping, as we never have any time to waste when in St. Louis. We want two extra plates, one for my husband and the other for my mother."

I could go on and on, but may I leave the comments of our customers with this remark from an engineer from Rolla, Missouri:

"Thanking you and congratulating you upon this new idea, I am,"

The service the Charga-Plate renders the store is manifold. I speak to you today as one who gave this System considerable study before it was adopted, and my conclusions say:

1. It builds, for our institution, an increased business from our present customers due to the convenience to the



\*An address before the Seventh District Conference, Topeka, Kan., February 13-15, 1938.



customer as I have previously enumerated; it has developed or increased interest on the part of inactive accounts during what may be called business recession; during this Christmas Season we feel we more than held our own and give no little credit to the convenience of the Charga-Plate as an incentive to the customer to buy where the Charga-Plate could be used.

2. The building of customer good-will, the convenience of authorized buyers to use customer's account and the customer's increased understanding that continued possession and privileges of the Charga-Plate are evidence of good credit. This all adds to the prestige of our institution.

Or, again, the Charga-Plate serves the store from the angle of permitting the salesperson to efficiently speed up service to more customers and reduces congestion at busy spots as completion of all necessary details in handling the charge customers is greatly expedited. From experience, we know of the many embarrassments to both customer and salesperson in handling difficult names—usually to the store's loss—and as the Charga-Plate eliminates this feature, I emphasize that it creates an improved morale among our salespeople.

Our institution in St. Louis has problems in delivery, in like manner as other department stores throughout the country, but I would like to have you go with me to our delivery department and talk to those in charge and learn with me that the printed name, making names and addresses really legible, has "stepped up" deliveries and almost entirely eliminated wrong deliveries and returns, also "unable to locate"—until the printed name is being accepted as a guarantee that the customer not only bought the item being delivered, but will be found at the address shown.

Our Delivery Superintendent says: "The Charga-Plate is a wonderful help to us in arranging packages for delivery. Names and addresses can be read at a glance and our job is made easier. We are very much in sympathy with the Charga-Plate."

Another feature of value to the house is the reduced authorization expense, through a higher floor release. Those of you handling volume, especially on a sale day, can appreciate the value of any worthwhile method that accomplishes this result; or again, we find a material reduction in our fraud losses and give the credit to Charga-Plate.

Another feature of no little concern is that it provides a more positive control of employees' accounts.

In our billing department, we find an increased efficiency not only in sorting and posting, but in a very material reduction of billing errors.

Our Personnel Department in dealing with our several thousand employees, finds that it is a very tangible thing to explain and simplifies the training of extras and, as a matter of fact, increases the efficiency of each salesperson. We find from practical experience that it provides a better check-up of sales efficiency.

No doubt some of you may be concerned particularly with some feature of the Charga-Plate System that has not been as fully explained as you would like, and while I have purposely eliminated any reference to the cost of this System, I would be happy to give any information I may have on this subject. Such questions as you care to ask will be answered at the Department Store group meeting this afternoon.

## Questions and Answers About Charga-Plate

(Discussion at the Group Conference of the Seventh District Conference)

QUESTION: "I would like to know whether or not you consider the Charga-Plate System a business getter from a promotional standpoint or a prestige standpoint?"

ANSWER: (Mr. Sig. Wolfort, Stix, Baer & Fuller Company, St. Louis, Missouri) "Let Mr. Burris answer that first."

ANSWER (Mr. Burris, John Taylor Dry Goods Co., Kansas City): "Charga-Plate does establish prestige and is of considerable value as a business getter. We know it is true that people open accounts as a direct result of the issuing of a Charga-Plate. They come in and say, 'Why haven't I received a Charga-Plate?' or, 'My friend received one; why didn't I?' In other instances, we have issued a Charga-Plate to some member of a card club, and nearly all members of that card club would subsequently come in and ask why they did not receive plates. The Charga-Plate has great drawing power for new charge accounts."

ANSWER (Mr. Wolfort): "There has been some question as to whether or not we have experienced any difficulty in issuing Charga-Plates. No, we have not, for if a customer applies and we open a charge account, it is then easy to issue a Charga-Plate."

QUESTION: "How do you go about withdrawing a Charga-Plate? Do you encounter any difficulties? What is your procedure? Do you write letters to the customer?"

ANSWER (Mr. Wolfort): "We have several ways of retrieving Charga-Plates, and we do not encounter any difficulties in doing so. First, we telephone; then, we write a letter; and if both methods are unsuccessful, we send a collector to pick it up when he is in that neighborhood."

QUESTION: "Did you ever have a customer refuse to give up a Charga-Plate?"

ANSWER (Mr. Wolfort): "No. Sometimes, we encounter difficulties when there is domestic trouble in the family. This causes a little delay, but we are persistent in our requests for the return of the Charga-Plate and, eventually, it is returned to us. In one case, it took us about two weeks to get one back from a woman who was mentally unsound and who was buying too much merchandise, forcing us to ask for the return of the Plate."

QUESTION: "Did you have any charges on the account before the Plate was finally brought back to you? When you have requested the return of the Plate, do you ever have charges on it before you get it back?"

ANSWER (Mr. Wolfort): "No, we do not."

QUESTION: "How do you insure the return of the Charga-Plate?"

ANSWER (Mr. Burris): "We do not issue them with the slowness of an account in mind. If the customer is financially all right, we do not worry. When we send out notices regarding the Charga-Plate, we include in the letter a paragraph which states that the Charga-Plate is the property of the Charga-Plate office. In other words, the customer could not sue us because of its return, since the Charga-Plate always remains our property."

QUESTION: "Do you find it an aid in collections?"

ANSWER (Mr. Burris): "It will help you in the beginning. For example: If you have on your books twenty thousand Charge Accounts, and you send out Charga-Plates to fifteen thousand of them, many of the other five thousand customers will request plates. When a customer, who is 60 to 120 days delinquent, requests a Charga-Plate, or wants to know why one was not sent, you can diplomatically explain that you have nothing to do with the issuing of Charga-Plates except that you give a list of names to the credit bureau that issues the plates, but that you will check your list. Then, you refer to your books, and find the customer delinquent, and say, 'Mrs. Brown, your account is running from 60 to 120 days behind in payment, and if you will be more prompt in payment, we will issue a Charga-Plate to you.' Usually, the customer will be surprised that her account is delinquent, and say, 'Why, of course,' and promise to pay it if a Charga-Plate is issued to her."

QUESTION: "Do you have any time or age limit on an account when you send out Charga-Plates?"

ANSWER (Mr. Wolfort): "When Charga-Plate was installed

in our store, we had three credit men comb our collection records, listing all the names, which were retyped on cards for the Charge-Plate office. An account that is slow, in my estimation, should not be refused a Charge-Plate.

"The issuance of a Charge-Plate depends altogether on the financial responsibility of the customer, and if, for some reason, the account is not paid, we find out why. We do not say the slow accounts are not entitled to Charge-Plates for I think they are. We started with 35,000 names, and when we got through listing, we had 40,000. We now have 54,000 Charge-Plates in circulation."

ANSWER (Mr. Burris): "We handle a little differently. We carry a suspense ledger, and an account running past ninety days goes in suspense. We issue no Charge-Plate to a suspense account. When the customer inquires why she did not get a Charge-Plate, we explain she would be able to get one if she got in line. We have had to recall some Charge-Plates, but they are always returned when we ask for them, which surprises us. We started out by delivering three dollars on Charge-Plates without credit department okay. We had no trouble, so we raised it to five dollars, and still no trouble; so we raised the limit to ten dollars, with no trouble. *We are going to raise it still higher.* After the installation of the Charge-Plate, our fraud purchases decreased."

QUESTION: "How do you handle the customer who fails to bring her Charge-Plate and wishes to make a charge purchase?"

ANSWER (Mr. Wolfort): "The charge is simply referred to to the office in the usual way. Since we installed the Charge-Plate, no purchase is delivered to the customer without proper identification, irrespective of the amount of the purchase."

QUESTION: "A customer who leaves her Charge-Plate at home is shown the advantage of it when she has to wait for an OK on her purchase. Have you had any unfavorable reactions with customers who do not have their Plates with them and must wait?"

ANSWER (Mr. Wolfort): "We have had no trouble."

ANSWER (Mr. Burris): "We refer them to the floor man or the salesperson, who explains why there was not immediate delivery of the purchase."

QUESTION: "Do you have fraud purchases on lost Charge-Plates?"

ANSWER (Mr. Burris): "We had one after a year and a half of operation. A woman who had lost her Plate (and did not know it) came into the store with her statement the first of the month, stating there were articles listed on it that she had not purchased. Upon investigation, we found they had been purchased on a Charge-Plate. Therefore, someone must have used her Plate. She searched for it and found that it was lost. As she had not had occasion to use it recently, she had not missed it until then."

QUESTION: "Whoever authorized the purchase was lax then, because the signature on the Plate would not correspond. Shouldn't the signatures have been compared?"

ANSWER (Mr. Wolfort): "Signatures on Charge-Plates are very important for this reason. After a Charge-Plate is issued, and then lost, if someone fraudulently presents it in making a purchase, it constitutes a forgery and can be prosecuted. We have not lost one cent since 1936 by the use of Charge-Plate for fraudulent purchases."

QUESTION: "I understand you make no attempt to post throughout your store a record of lost Plates or restrictions of any kind?"

ANSWER (Mr. Wolfort): "We have a printed form that is attached to every addresser in our store, carrying the code numbers and names of certain stopped Charge-Plates."

ANSWER (Mr. Burris): "We have no stop list, but we do send notices with the code number and the name to authorizers to be attached to the cards, and also to bookkeepers to paste on the front of the ledger sheets of the customers. The check goes to the tube room eventually. There they are supposed to check before they deliver the merchandise."

#### DISCUSSION

MR. WOLFORT: "After the merchandise is purchased, your authorizing department must check the account."

MR. BURRIS: "They do, but they do not check every purchase. If we find that some stopped plates were used, we call and ask them to watch for the names."

MR. WOLFORT: "We require a closer control because of our community Charge-Plate. I know some of the stores do have stop lists."

MR. BURRIS: "We have gone for two years without a stop list. As long as we do not find it necessary, we will not use one."

MR. WOLFORT: "It is an expense and can be eliminated as long as you do not find it necessary."

MR. BURRIS: "The Charge-Plate has saved us hiring two or three permanent employees in the tube room, which would be necessary if we authorized every charge."

MR. WOLFORT: "Formerly, during our holiday season and on our busy days, we required extra authorizers. With the Charge-Plate, we have not required one extra authorizer for two years. That is a splendid saving. I understand Marshall Field and Company in Chicago have now in circulation 150,000 Charge-Plates with no stop list, and do not have any fraud purchases."

MR. BURRIS: "Joseph Horne Co. of Pittsburgh have a large circulation of Charge-Plates and do not require signatures."

QUESTION: "Is this the same as the coin?"

ANSWER (Mr. Wolfort): "I believe the Charge-Plate has it all over the coin. The individual is not afraid to use the Charge-Plate in the department store."

QUESTION: "We do not have the time for an extensive discussion of the cost of this system and, of course, the cost would vary with the size of the institution?"

ANSWER (Mr. Burris): "You have to consider the results rather than the cost when deciding on Charge-Plate. Is that not right?"

ANSWER (Mr. Wolfort): "Yes, results are worth far more than the cost to install."

ANSWER (Mr. Burris): "Think what it saves in a year's time in all departments; your checkers, sorters, authorizers and delivery trucks. Charge-Plate saves wherever it touches. The expense is hard to figure, and you might say it would have to be installed before you could actually find out what it will save you. The expense saved on authorizers alone is enough."

QUESTION: "If your store is large enough, Charge-Plate actually saves in employees on the authorizers and handling of the transaction from the start of the sale. There is a very definite saving there, and it cannot be stated in dollars and cents. Do you have anyone in your office who handles the Charge-Plate alone, or do you have one handle one part of it and another, another part, such as one for requests and another one who issues Charge-Plates?"

ANSWER (Mr. Burris): "One girl in our office cares for the entire Charge-Plate system. She takes charge of the requests and the issuing of all Charge-Plates."

### San Jose (Calif.) Elects

The San Jose (Calif.) chapter of the National Retail Credit Association, at its recent annual meeting, elected the following officers and directors: President, Kenneth Anderson, Hale Bros. Inc.; Vice-President, E. G. Padilla, Chas. C. Navlet Company; and Secretary-Treasurer, Miss Kathryn Birmingham, O'Brien's.

### "Pay Your Bills First," Distillery Advertises

Under the above heading, The House of Seagram, in a page ad in *Time* (February 7) made this clean-cut statement: "No person should spend a cent for liquor until the necessities of living are provided—and paid for. Bills for groceries . . . clothes . . . shoes . . . rent . . . light . . . heat . . . doctors . . . bills such as these have the first call on America's payroll."

"We don't want to sell whiskey to anyone who buys it at a sacrifice of the necessities of life . . . Fine whiskey can play a pleasing part in the scheme of gracious living but only when taken in moderation and only after the bills are paid."

# "Stop and Go" Stickers

(Credit Traffic Signals)

## Serve Every Purpose!

Use with your daily sales slips, statements, and credit department letters. Save correspondents' time. Put your message over with a punch by using "color—flash."



### "Caution"

(Nos. 2-7-8): Visual warnings eliminate the "on-account" manner of payment and prevent pyramiding. This signal group has proved very effective in actual collecting and will cut your collection effort and expense. (No. 8 shown at right.)



### "Go" Stickers

(Nos. 1-5-6): Express your appreciation to your most valued and often neglected customers—those who pay promptly. Make the customers feel, "That store is different—not indifferent." A word of thanks now may save you many customers later. (No. 1 shown at left.)



### Others

**INACTIVE (No. 4):** Use with "no balance" statements or to illustrate promotional letters. (Shown at left.)

**STOP (No. 3):** For accounts placed on a cash basis. Encourages continued patronage as well as payment on the account. (Not shown.)

(All Stickers are actual size as shown and copyrighted by W. S. Shafer, Omaha, Neb. Packed in boxes of 100.)

### PRINTED IN 4 COLORS!

Printed in four colors, red, green, yellow and black—to simulate traffic signal colors.

(Order Now! Use them—And Watch Results!)

Special Price, \$4.00 per 1,000—Plus Postage. (Formerly \$5.45 per 1,000.) Order from Your Credit Bureau or—

**NATIONAL RETAIL CREDIT ASSOCIATION**  
1218 OLIVE STREET SAINT LOUIS, MO.

MARCH, 1938

## 246 Proved \$-Pullers



HERE are 246 "sure-fire" letters that you can use to speed up collections from your slow-pays and to get payments on accounts that you are about ready to charge off as hopeless. They are the "pet" letters of 56 of the country's most successful credit men; they have behind them records of almost phenomenal results under difficult conditions. Among them are some of the most remarkable collection letters ever written, letters that have brought in hundreds of thousands of dollars to the firms using them. Whether you have a few or many overdue accounts on your books, get and use a copy of —

### "Effective Collection Letters"

Edited by Erik G. Sellman

SOME of these letters show you how to get a new, more profitable slant on "tried-and-true" appeals that credit men for years have found productive. Many contain entirely new ideas developed by the credit men who contributed them to this book. With each letter, the editor supplies explanatory comments on the conditions under which it is being used and the results it has produced, together with practical suggestions on ways in which you can adapt the letter to the special needs of your own business.

For convenience, the letters are arranged in accordance with the stage at which they are recommended to be used but spread through the book's chapters are many complete collection series illustrating unusually profitable follow-ups. Two final chapters describe particularly effective systems for carrying on collection operations and the use of printed forms and notices in follow-up routine.

**10 CHAPTERS:** Basic Ideas Behind Successful Collections. Goodwill Collections Today. Early Stages. Later Stages. Cashing In on Frozen Accounts. Letters Handling Special Situations. Tying Letters to Current Conditions. Stunt Letters. Collection Systems That Meet Today's Needs. Using Collection Forms and Notices.

**216 Pages, Price \$2.50**

(Fill in, tear out, and mail)

SENT ON 5 DAYS' APPROVAL

THE RONALD PRESS COMPANY  
Dept. M181, 15 E. 26th St., New York

Send me a copy of Sellman's "Effective Collection Letters." Within five days after its receipt I will either return it or send you \$2.50, plus a few cents for delivery, in payment. (We pay delivery on cash orders; same return privilege.)

Name..... (Please print)

Street Address.....

City.....\*State.....

\*Outside continental U. S. and Canada \$2.75 cash.

The Ronald Press Company, Publishers



# Financing Retail Credit

By CHESTER W. LARSON\*

President, Industrial Savings Loan Co., Topeka, Kansas

**DEFINITION:** "Financing Retail Credit" implies the merchant or tradesman handling, holding, and collecting his own installment contracts for the sale of merchandise applicable to this plan and the much broader field of sales finance companies who purchase and collect retail purchase contracts. This type of operation is distinguished as wholly and apart from that of direct loans which are usually made for the purpose of liquidating or rearranging pre-existing debts.

Criticism of installment selling or financing retail purchases on the payment plan has been widespread and vicious in the past several years. In spite of it all, however, it has stood the test of both depression and boom periods. Thus, this paper on "Financing Retail Credit" would presume to discuss the subject as it exists (good or bad as you care to view it), nevertheless, as it operates and contributes to our scheme of business procedure.

**ORIGIN-EXTENT:** Sales financing by acceptance companies began about 1914, and took on more sizable proportions about 1919 with the formation of the General Motors Acceptance Corporation to finance the sales of automobiles. The growth was rapid, and extended quickly to almost all kinds of hard merchandise applicable to such financing.

In 1936, sales finance companies and banks purchased 2½ billion dollars of such sales contracts, which represented 71 per cent of the total of such sales, the remaining 29 per cent being carried by individual tradesmen.

This enormous sum was purchased and collected at the surprisingly low loss ratio of ⅓ of 1 per cent, and in the automobile section of it with 2.2 per cent repossession on new cars, and 7.5 per cent repossession on used cars. Finance companies, moreover, lost more of their funds deposited in banks which were closed than banks lost on unsuccessful finance companies.

**ECONOMIC FUNCTION:** The existence of sales finance companies and of tradesmen financing the sale of products is justified by its adherents, mostly, because it makes possible larger volume in the sale of these products. Greater progress has been made by manufacturing companies of these products in the scientific development and improvement of them. Such manufacturing companies have attained greater volume, reduced prices due to operating efficiencies, and have continuously improved their products.

For example, in 1929, the average new automobile sale was \$743.00; in 1936, it averaged \$603.00, a difference of \$140.00 in price; yet, hardly any one could deny that the automobile of 1936 rendered far more utility and service to its owner in comfort, convenience, and economy than did the 1929 automobile. The same was true of electric refrigerators, which were reduced 44 per cent; likewise, washing machines, 41 per cent.

Further than this, the ability of merchants and finance companies to sell on payments cushioned the shock of the financial spiral such as we experienced in 1929. Finance

companies and merchants continued selling merchandise on payment plans, and thus created employment for thousands of people.

They had the fortitude to continue to trust the buying public, and thus was started the forward movement in increasing payrolls, stepping up production, and the consequent "back to somewhere near normal business." They did so without our American wage earner mortgaging his future income, as the critics of the system enjoyed assuring them of. Our present installment debt of two billion dollars represents only 3 or 4 per cent of our national income of seventy billions of dollars, or an average of \$26.00 per family.

In spite of all this there is hardly anyone who does not have personal knowledge of glaring imprudence on the part of somebody who has committed himself unwisely to a burdensome installment contract, or at least has second or third-hand knowledge of some such case. There are some, but the figures disprove the assumption that there are many, or that the misfortune of a few carry any significant social or economic implications. The great mass of installment buyers are not people who live habitually on the edge of an economic precipice.

As far as spending sprees are concerned, which installment buying is accused of causing, it may be said that the proportion of indebtedness to the total of the national income is most insignificant as compared to our government spending and non-budget balancing situation. Further, it can hardly be proved that financing a purchase on reasonable installments has mortgaged our future as completely as critics have led us to believe when almost everyone, who is a student of finances and economics, knows that savings in banks and savings in depositories have increased to an unprecedented figure; and again, that government bond sales in the last few years have been the largest ever; and last, that life insurance companies have reported in the last two years that the policy loans which they have thus far carried have been reduced by an astonishingly large figure and percentage.

**TENDENCIES:** Abuses in the system of financing retail credit have, of a natural consequence, crept in, in many cases. Attempts have been made by larger finance companies and by many merchants selling under this plan, to keep the procedure on a sound and constructive basis, and they represent the majority of the business done.

At the National Retail Credit Association's Annual Convention at Spokane, Washington, the committee on recommendations, studying the methods used by installment merchants and sales finance companies, adopted, among other things, a resolution to reduce the terms on:

- Electric Refrigerators to 24 months
- Furniture to 18 months
- Radios to 12 months
- Washing Machines to 12 months
- Stoves & Ranges to 18 months

The National Association of Sales Finance Companies adopted a resolution limiting the terms of new automobile

\*An address before the Seventh District Conference, Topeka, Kan., February 13-15, 1938.



sales to two years where  $\frac{1}{3}$  is paid down, and have strongly recommended a  $\frac{1}{3}$  down-payment with a limit of 18 months. They have also resolved that used cars, not over two years old, be limited to 18 months, and on older models, to 12 months with the same  $\frac{1}{3}$  down in all cases—deviation from this schedule having come for the most part from smaller companies who have not contributed substantially to the total.

In December, 1937, the Federal Reserve Board ruled that member banks could rediscount loans to the Federal Reserve System that were secured by installment contracts. The rule also authorized a member bank to accept notes of a householder who uses the proceeds for purchasing household equipment. Thus this great financial institution recognized the safety and liquidity of such evidences of debt instruments and encouraged their conservative use to stimulate business.

This concludes my discussion of financing retail credit and its effect on both producer and consumer. I submit that, on the showing, installment buyers are not impoverished, and that manufacturers and merchants have gained through the increased sales made possible by deferred payment plans, and that it is a reasonable expectation, if not a certainty, that the outstanding installment debt will be collected about when due, under anywhere near normal conditions.

I believe that most of the indiscriminating criticism of financing retail credit is based on the erroneous idea that it is a sign of improvidence and thriftlessness, and that people should discipline themselves until they can save their money to count it out in "20's," and put it on the barrel head for what they buy.

I believe that this would be taking us back to the horse-and-buggy days with a vengeance, although our grandfathers bought books, sewing machines and pianos on monthly payments. I believe they also would have bought the same products we are buying had they been given the opportunity, and thus, they too, would have come nearer to the "abundant life" so much desired by our present administration.

## The Barometer of Retail Business

(Continued from page 11.)

able people are working and plants are operating at full capacity.

Collections, credit and total sales were off 10.0 per cent respectively in *Cheyenne, Wyo.* This was due to a decrease in employment and the fact that all Government offices paid December wages before Christmas. . . . Collections and credit sales were also off 10.0 per cent in *Torington, Wyo.* While decreases were expected in January, a greater decrease was reported this year than in 1937.

In *Lewiston, Ida.*, collections were off 15.0 per cent as a result of low prices for farm products and curtailed employment. . . . Collections, credit and total sales were still off in *Aberdeen, Wash.*, due to labor trouble. . . . Collections were off 3.7 per cent in *Vancouver, Wash.* Many of the lumber mills are closed and others working only part time.

Collections in *San Francisco, Calif.*, were credited with an increase of 0.6 per cent over January of last year; however, credit sales were off 2.0 per cent. . . . Collections increased 2.0 per cent in *Santa Barbara* while credit and total sales were off 3.0 per cent.

## Try These Revised "Inactive" Stickers!

Use on "blank" statements one month--  
and you will use them again!

*Of Course—  
We Missed You!*

▼▼

And your account is  
waiting for you.  
Come in and use it!

*We Value  
Your Patronage!*

© N. R. C. A.

*Just a Blank  
Statement*

▼▼

To remind you that  
we miss your pa-  
tronage and to ex-  
tend this invitation:

*Use Your  
Charge account!*

© N. R. C. A.

*You Don't Owe  
Us a Cent!*

▼▼

Yes! We've noticed  
it and we hope you  
will use your charge  
account this month.

*Your Patronage  
Is Appreciated!*

© 1934, N. R. C. A.

Exact size shown by dotted lines. Printed  
in one color. Price, \$2.00 per 1,000

**National Retail Credit Association**  
1218 Olive Street St. Louis, Mo.

# Credit News Flashes--

## Personal and Otherwise

### Death of Hon. Valentine J. Nesbit

Hon. Valentine J. Nesbit, Special Referee in Charge of the Debtors' Court, Birmingham, Ala., died February 7 after a short illness. Fifty-four years old, he had been a practicing attorney in Birmingham since 1907.



He was well known to credit granters because of his active interest in the rehabilitation of delinquent debtors. Through his efforts, the "Birmingham Plan" of allowing debtors to agree to make payments to creditors by the pooled account plan permitted many harassed debtors to avoid bankruptcy. He co-operated in drafting the "Wage Earner" amendment to the National Bankruptcy Act incorporated in the Chandler Bill now before Congress.

The Associated Retail Credit Managers of Birmingham, at their meeting February 10, adopted resolutions of sympathy which were presented to the bereaved family.

### Fort Worth Association Elects

The Fort Worth (Texas) Retail Credit Association at its annual meeting, banquet and dance, February 23, elected the following officers and directors: Howard Laird, President; H. Nelson Bean, Vice-President; and E. G. Graves, Secretary-Treasurer.

Directors: Basil Whitley; S. F. Dugger; Owen M. Jones; Byron Lillie; W. F. Salt; J. R. Clark; E. G. Parker; A. C. Broussard; and Homer Ladd.

A large delegation from the Dallas Retail Credit Association attended the meeting.

### New York Association Elects

The Associated Retail Credit Men of New York City at their February meeting nominated the following officers and directors:

President, A. J. Kramer, Borden's Farm Products; Vice-President, B. A. Farrell, Frederick Loeser & Co.; Secretary, A. B. Buckridge, Manager, The Credit Bureau of Greater New York, Inc.

Directors (2 years): F. W. Dornhoefer, Franklin Simon & Co.; M. C. Harris, John Wanamaker, Inc.; H. E. Armstrong, James McCreery & Co.; Walter Strickland, Best & Co.; W. F. McDermott, Hotel Waldorf-Astoria; H. B. Jackson, Morris Plan Company.

Directors (1 year): W. E. Babb, Stern Bros.; William Windhorst, Fred F. French Management Co.

Since no nominations were made from the floor, the election at the March meeting will be automatic.

In addition to the directors named above, the following were elected for two years in 1937:

George Miller, Arnold Constable & Co.; L. H. Jacobs,

Ovington's; M. B. Doremus, Rogers, Peet Company; D. D. Grumley, Lord & Taylor; and James M. Malloy, Abraham & Straus, Inc.

### New National Unit in Butte, Mont.

Newly elected officers of the Butte (Mont.) Retail Credit Men's Association, a new National unit, are: F. N. Gould, Jr., President; J. W. Uncles, Vice-President; and C. E. Hale, Secretary-Treasurer.

### "Credit School" Sponsored by Tulsa Credit Women's Breakfast Club

The "Credit School" conducted by the Credit Women's Breakfast Club of Tulsa recently inspected the offices and equipment of the Tulsa Credit Bureau and attended a lecture by J. C. Rayson, manager of the bureau, on "Determining the Responsibility of the Applicant."

### Passing of George D. Dayton

George D. Dayton, President of the Dayton Company, Minneapolis department store, died February 18, after a lingering illness. He was 81 years old.

In 1930, he was awarded the civic service medal of the Inter-Racial Service Council. At that time he was cited for "the high integrity of his business standards, his inspiring faith in his city, the example of his simple Christian life, his public-spiritedness in all matters of general welfare and his financial contributions to spiritual, moral and civic needs."

### New York Bureau Checks Incomplete Inquiries

The Credit Bureau of Greater New York, Inc., has adopted the sticker reproduced below for use on all incomplete inquiries for credit information.

"Don't be alarmed," its message to members reads, "when it is affixed to reports which we send to you as a result of your inquiries. But we do beseech you to pay attention to its message. We are issuing instructions to all our reference clerks and investigators to use this sticker whenever you make an inquiry that is incomplete and, because of the lack of information, have made it difficult to locate the card in file on the subject."



Twenty-Sixth Annual Convention—Pittsburgh, Pa., June 21, 22, 23 and 24, 1938. Hotel William Penn. Make your plans now to attend.

### Sudden Death of W. F. Suits

W. F. Suits, Credit Manager of the Oklahoma Gas and Electric Corporation, Oklahoma City, died of a heart attack while attending the Seventh District Credit Conference at Topeka, Kan. The National Office extends its heartfelt sympathy to his bereaved family.

\* \* \*

### New Officers in San Francisco

At their annual meeting, the Associated Retail Credit Men of San Francisco and Alameda County elected the following:

Henry H. Christensen, American Trust Co., President; Frank Batty, Hale Bros., Vice-President; Walter V. Howe, Sommer & Kaufman, Treasurer; and Charles J. Benson, Secretary.

Directors: Frank D. Francis; W. F. Bradley; S. A. Schneider; and Joseph Noonan.

\* \* \*

### Results of Salt Lake Election

The Associated Retail Credit Men of Salt Lake City recently elected the following:

President, Fred E. Pike; Vice-President, Geo. E. Burton; Treasurer, Ruth B. Standing; and Secretary-Manager, Wm. A. Perkes.

Directors: Harry P. Earl; Alex J. Jex; Roderick E. Langton; J. LeRoy McGhie; Wm. E. Naylor; and H. Robert Pedersen.

☞

# BOOST!

• COLLECTIONS

# BUILD!

• GOOD WILL

# SAVE!

• 18% to 50%

## POSTAGRAPH

### YOUR COLLECTION LETTERS

*Details Furnished  
Upon Request*

The POSTAGRAPH CO.  
Baltimore, Maryland

## IT'S EASY TO LIMIT CREDIT WITH COUPON CASH

Charge accounts cause many a headache in the credit department. That's why so many department stores are now using Rand McNally Budget Coupon Books to stimulate buying and still limit customer credit.

Rand McNally books of "coupon cash" are printed in all convenient denominations—\$10 and up. Customers pay 20 or 25% down, and the balance in monthly installments.

Rand McNally Budget Coupon Books are widely known for their accuracy and lasting qualities. For further information regarding how leading department stores are using them, write Dept. CW-3, Rand McNally & Company, 536 South Clark Street, Chicago, or 111 Eighth Avenue, New York City.



## RAND MCNALLY

BUDGET COUPON BOOKS

### Positions Wanted

**OFFICE OR CREDIT MANAGER:** Married man, age 33; now managing auto finance office. Ten years' experience in credit and collection work. Prefer St. Louis connection. Address Box 33, CREDIT WORLD.

\* \* \*

**CREDIT MANAGER-ACCOUNTANT:** Desires permanent position. Age 33, married, two dependents. Well educated, college graduate. Twelve years' experience credit and office management. Thoroughly experienced in handling retail and wholesale accounts. Detailed resume furnished upon request. Willing to locate anywhere. Address Box 31, CREDIT WORLD.

\* \* \*

**CREDIT AND OFFICE MANAGER:** Twelve years' experience with a large corporation. Credit work was handled on a definite program. Age 38. Would prefer San Francisco Bay area. Address Box 32, CREDIT WORLD.

\* \* \*

**CREDIT WOMAN:** Seventeen years' experience, 11 in complete charge of credit and office personnel, pay rolls, etc., men's store in Middle West. Prefer men's or women's store in Missouri or vicinity but will go anywhere. Address Box 34, CREDIT WORLD.

### Back Issues Wanted

The National Office wishes to secure back issues of The CREDIT WORLD, in order to complete its files. If you have any of the issues listed below and wish to donate them to us it will be greatly appreciated:

February, March, August, September, and October, 1932.

September and December, 1933.

November, 1934.

January, April and October, 1935.

December, 1936.

January and February, 1937.

Send them express collect (and mark "Printed Matter, Value Not Exceeding \$10.00") to the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

☞

### Pittsburgh's Terms Resolution

At the regular monthly meeting of the Retail Credit Association of Pittsburgh, February 17, a resolution was unanimously adopted recommending to the retailers "that a uniform carrying charge of 1/2 of 1 per cent a month, on the original unpaid balance, be charged on all deferred payment accounts, also on monthly charge accounts overdue for 60 days.



# "Merchandise" Your Credits and Collections

By C. RAY COOK\*

Assistant Credit Manager, Ed. Schuster & Co., Inc., Milwaukee, Wis.

IF IT were possible to picture to you one clear cut, specific plan of credit extension, by which both volume and profits could be added to your business, and say to you, "This is the way," it would not be difficult to hold your attention. Unfortunately, it is no more possible to use the same plan of credit extension in every store than it is to use the same plan of merchandising. The needs and the problems of each store and each community are different.

There are, however, accepted fundamentals that can be used as guides in building your own credit extension plans, just as there are fundamentals to guide the operation of your business. The most important of these that I want to emphasize to you is "Merchandise your credit extension."

Merchandise it as you would the goods on your shelves. In that one sentence you have the fundamental thinking of every store owner who has been successful in his credit operations.

You all know the rules necessary for the selection of merchandise. The rules guiding the selection of accounts are just as definite. The first is *capacity to pay*. What is the income, *how permanent is it*, and what are the expenses already fixed? The second is *capital*. How much reserve has this person built up? Has he a bank account, stocks or bonds, a home or farm? The third is *character*, the most important of all, for that, considered in connection with his capacity and capital, tells *how he pays his bills*.

Let's take an example of how these measuring sticks of credit can be applied. Take two men in your town, each with an income of \$3,000.00 per year. One has been an executive of a local factory for many years. He is buying his home, has it sensibly financed, has other accounts and pays them promptly. He is well thought of by his company and his neighbors.

The other has just recently moved into town with a new company. He lives in a high-rent residence, has made himself very popular, has done a good job of selling himself. He has opened accounts and has been a heavy buyer at many local stores. His rent and other obligations are more than his salary will pay.

Your investigation revealed the facts. The rules of *capacity*, *capital*, and *character* tell you that one is a desirable account, the other an extremely dangerous one.

Be sure, however, to get these facts. In many smaller communities you have that information because of your close acquaintance with your customer, but in case you do not, there are various methods of obtaining it. There are, in some 27 communities of the state, organized credit bureaus. In these communities the problem of obtaining

information is simple, for these credit bureaus are organized to give just this kind of information. Where there is no bureau you will usually find other sources from which you are able to get these facts.

In many cases, it will be your bank; your electric or gas company sometimes can help. It is said that the man who acts as the clerk of community public sales is a walking credit bureau. Analyze your community, find a source of information on which you can rely—and then use it, for you cannot "merchandise" your credit extension without first knowing your customers.

If your customers would come in and say they would like to open an account, giving you time to get all necessary information, the entire matter would be easy. But unfortunately this is not usually the case. An investigation of your records, I am sure, will show that a large percentage of your accounts were started with an accommodation charge that was paid for in a few days.

By accommodation charges, I refer to such cases as a delivery when the customer isn't home, or where a selection is made and then it is discovered that he hasn't quite enough money to pay for the purchase. Or perhaps, after the sale, the customer says that he will be in and pay tomorrow when he gets his milk check.

In most of these cases, he pays as promised. I am too sales minded to advise any change in this procedure. I would not hesitate to give reasonable amounts of merchandise to customers about whom I had no unfavorable information. However, this original charge transaction is your opportunity to control this customer's future buying, for when he pays this first charge he feels that his credit with you is established.

Get your information on this customer immediately and decide whether his would be a desirable account. If not, the next time a charge comes up you are prepared to suggest that purchases be kept on a cash basis. If, on the other hand, it is a desirable account, then tell this customer that you believe he will find a regular account convenient and that you have arranged it for him.

This is the opportune time to give him an understanding of your terms, and you can do it easily by explaining how much easier it is to pay for his purchases on the tenth of the month than each time he makes a purchase. If a salesman leaves you a sample of merchandise which upon investigation you find to be a desirable addition to your stock, you go out to buy more of it. Then "merchandise" your credit extension. When a customer leaves you a desirable sample of credit, get busy and keep it in your stock regularly. It is the volume and profit of your business.

Although the accounts that begin so casually are by far



\*Excerpts from an address before the Wisconsin State Hardware Dealers' Convention, February 3, 1938.



the largest in number, there are times when the customer does suggest that he would like to have an account with you. I would just like to say here that if you brought your credit business out in the open, you would have more customers come to you openly and ask for accounts.

Why don't you go back home and put up a little sign that reads "Monthly accounts may be arranged"? When the customer comes to you it is easy to attach a formality to the opening of the account by inviting the customer back to sit down—and have a place for him to sit down, if only a box in the corner. Then get his signature on an application and such information as you can diplomatically obtain.

Sitting there with the customer, you can also easily discuss terms of payment. In many rural areas, there is no tenth of the month with farmers; there is only the date of their income. In these cases it is always well to have a complete understanding of that date with the customer. If the date of his income isn't the tenth of the month I wouldn't be too concerned, but if it is a crop six months away and the purchase is large, consider it carefully. Remember your bank takes a note and charges you interest.

Your next merchandising job is to adopt your policy and system for turning this stock of accounts receivable into cash.

Before you start turning this stock of accounts into cash, admit that some of them are going to become shopworn and damaged; some will prove to have been a poor buy that just cannot be turned into cash at any figure. *Anticipate this normal markdown and resolve to take it at regular intervals so that your stock of receivables will always be fresh and current and not cluttered up with items that cannot be turned into cash at face value.* I could repeat that sentence and not be placing too much importance on it!

If you are going to merchandise your collections so that your markdowns will be low and your turnover as high as possible, first, send out a statement of the account that will reach the customer by the first of the month. That statement will itemize each purchase made during the month and will carry a statement of the terms by which it is to be paid. Continue to send such statements as long as the account is unpaid.

Second, adopt a policy and plan of collection. There are any number that will help turn the slow moving account into cash. No one of them will fit every case, but as a fundamental of sound merchandising, decide on a policy and then adhere to it religiously. I cannot tell you whether it will be best to begin the follow-up of your account the day after it is due or 30 days after, whether you will get best results from stickers attached to statements, printed notices, form letters, or telephone calls. They all have their place and their advantages.

Be sure, however, that the policy you choose provides for regular systematic requests for payment. Third, make the system you adopt a friendly one. Friendliness will not only collect more money than threats, but will retain customer good will for future business.

*The customer who likes you and wants to pay you will make a more consistent effort to do so than the customer who has been antagonized by your collection efforts.*

You are attending this convention this week because you believe you can go back and do a better job operating your store after you have discussed your problems with other merchants. You subscribe to trade magazines for the same reason. Yet I will venture to say that there are only a handful here who have ever attended a credit convention or read a magazine dealing with credit. Wisconsin is fortunate in having a state organization of retail credit men, whose meetings and discussions have done much to raise the standards of retail credit in Wisconsin.

The National Retail Credit Association issues a monthly magazine (*The CREDIT WORLD*) which brings to those unable to attend group meetings a detailed discussion of the retailer's credit problems.

I am not selling memberships or subscriptions. I am only pointing out for you the opportunities that are available to keep in touch with current credit thinking and be better prepared to "Merchandise your credit extension."

### Many Local Associations Use the New "Gold" Membership Sign

Over 71 local associations have standardized on this new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging.

Prices (To individual members): One, 15 cents; two, 25 cents; five, 50 cents. *Special prices to local associations in lots of 100 or more—with the name of the*



local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.



## Letters That Cross The Editor's Desk

Congratulations on the excellent protest you have made to Mr. Roosevelt on the subject of the extended terms continually offered by the Electric Home and Farm Authority.

Our correspondence with this organization dates back to early last summer when we began "pouring it on" EHFA directly.

The last communication received from EHFA came from its President who stated that EHFA experience had not indicated that the financing plan was unsound—collection experience continued good. This statement was made about two months after the big bust in the stock market during the middle of October. As we all know, retail sales showed a decline in many cities during the month of November and I think we can take for granted that the country as a whole knew it was in for something like smaller retail sales even at that time.

By the way, during my travels since last summer I have run on to several furniture store credit men who are working closely with your organization. They praise very highly the good work being done by National Retail Credit Association.—R. R. RAU, Executive Vice-President, National Retail Furniture Association, Chicago, Illinois.

\* \* \*

I have just received The CREDIT WORLD for February and read your open letter to President Roosevelt, and I am sorry that every retailer in the United States will not have the privilege of reading your letter as published in The CREDIT WORLD.

We are holding the annual meeting of the Great Falls Credit Exchange on Monday, February 21, and I am going to see to it that this letter of yours is read to our meeting. We have asked Charlie Reed of Denver to be our principal speaker, but have not heard from him, but all of us hope he will be here.

The Directors of the Great Falls Credit Exchange had a meeting a few days ago and instructed me to attend the convention in Pittsburgh, so if nothing happens I will be there.—BYRON DEFOREST, Manager, Great Falls Credit Exchange, Great Falls, Montana.

\* \* \*

Be advised that the writer is interested in your editorial in The CREDIT WORLD for February, 1938, and we are anxiously awaiting a response or any comments on this editorial.

Our company heartily endorses the policy of the National Retail Credit Association in regard to *selling merchandise and service instead of terms*. This has always been the policy of this company.—C. F. WILKINS, Manager, The Wilkins-Leonard Hdwe. Co., Youngstown, Ohio.

## Billboard Posters



Poster "B"

The National Office has a limited supply of 24-sheet posters for use on billboards to put over the "Pay Promptly" idea.

Attractively lithographed in colors, they are furnished imprinted with the name of the local association (1 line).

When ordering specify if Poster "B" or "C" is desired. The price of \$5.00 each includes the local imprint. Order from the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.



Poster "C"

# News of the District Conferences

**F**IVE districts held their annual conferences during February while three more are scheduled for the month of April. No conferences are planned for the current month. Reports of the February meetings follow:

## Third and Fourth at Nashville

The Third and Fourth Districts held a joint Conference at Nashville, Tenn., February 13-16. An exceptionally fine program had been arranged. The attendance was high: over 150 local registrations and more than 200 out-of-town registrations.

Election results for the Third District were: President, H. H. Fettes, Sears, Roebuck & Co., Atlanta, Ga.; Vice-President, W. P. Gilreath, Jr., Jno. A. Cunningham, Inc., Jacksonville, Fla.; Secretary and Treasurer, Chas. E. Moorman, Retail Credit Men's Association, Jacksonville, Fla.

Directors: Mrs. Muriel I. Galbreath, Miami, Fla.; Chas. E. Evans, Spartanburg, S. C.; E. H. Creamer, Florence, S. C.; Morris Lipinsky, Asheville, N. C.; Lenville Parker, Atlanta, Ga.; and Mrs. Colon Traylor, Atlanta, Ga.

The Fourth District elected: Stanley Kemp, New Orleans Public Service, New Orleans, La., President; Miss Marion O. Brooks, Belisle's, Baton Rouge, La., Vice-President; and Miss Polly Hunter, Millstein's, Inc., Jackson, Miss., Secretary-Treasurer.

Directors: J. J. Valentine, Memphis, Tenn.; Laura McKinstry, Laurel, Miss.; F. B. Burns, Birmingham, Ala.; Rhue Roberts, Nashville, Tenn.; Chas. L. Boykin, Tuscaloosa, Ala.; and W. Carter Durham, Jackson, Miss.

## Fifth District at Cincinnati

A most enthusiastic conference was held by the Fifth District at Cincinnati, February 13-15. The group meetings, specially, were well attended, the meetings of the Dairy Group being reported as surpassing those of the Dairy Group at National Conventions. Practically every major utility company in the states of Ohio and Michigan was represented in the Utility Group.

The District adopted resolutions demanding more cooperation among credit granters toward shortening installment terms and the elimination of competition in terms by Government Agencies.

Officers and directors elected are:

President, Roy H. Gale, H. & S. Pogue Company, Cincinnati, Ohio; Vice-President, J. Henry Lebensburger, Metropolitan Co., Dayton, Ohio; Secretary-Treasurer, O. L. Pfau, Strouss-Hirshberg Company, Youngstown, Ohio. Directors: C. A. Brandes, Akron, Ohio; G. W. Fischer, Detroit, Mich.; C. C. Kortz, Cleveland, Ohio; R. H. Laethem, Detroit, Mich.; M. E. Pierce, Columbus, Ohio; and Harry F. Reid, Jackson, Mich.

The District's Constitution was amended so that its Officers and directors shall assume their duties the third Friday in June concurrently with the Officers and Directors of the National Retail Credit Association.

## Seventh District at Topeka

The Seventh District held its annual conference at Topeka, Kan., February 13-15. A record attendance and fine program were reported. Election results:

President, R. C. Warren, Arkansas Power & Light Co., Pine Bluff, Ark.; Vice-President, J. C. Calloway, Woolf Bros., Wichita, Kan.; Secretary-Treasurer, Mrs. Zella Holmes, Mid-West Printing Co., Tulsa, Okla. Directors: Louis Wellinghoff, St. Louis, Mo.; John Vaughn, Kansas City, Mo.; E. F. Calloway, Little Rock, Ark.; Miss Ruth Ross, Oklahoma City, Okla.; Floyd Farrell, Wichita, Kan.; and Mrs. H. M. Grove, Joplin, Mo.; National Director, R. C. Warren, Pine Bluff, Ark.; Alternate, H. R. Stuart, Tulsa, Okla.

\* \* \*

## Sixth District at Minneapolis

The Sixth District Conference at Minneapolis (February 21 and 22) broke all records for attendance, more than 500 being reported at the Annual Banquet. An outstanding program was arranged.

New officers and directors are: President, H. R. Amos, Lincoln, Neb.; Vice-President, F. W. Funk, Winnipeg, Canada; and Secretary-Treasurer, C. F. Basler, Omaha, Neb. Directors: Ralph W. Cornelison, Minneapolis, Minn.; Albert Johannsen, St. Paul, Minn.; Albert Mark, Duluth, Minn.; Richard Miller, Cedar Rapids, Ia.; Elmer Nordstrom, Davenport, Ia.; and Henry Willeges, Sioux City, Ia.

\* \* \*

## It's South Bend, Indiana, in April for District No. 13!!

An abundance of good credit information and education, well seasoned by men who are authorities on their subjects—and generously sprinkled with real Hoosier hospitality—that's the menu for the annual conference of District 13 (*Indiana, Illinois, Wisconsin*) to be held April 24, 25 and 26, at the Oliver Hotel in South Bend, Indiana! Meeting with the credit men and women will be the Indiana Credit Bureau Association.

Plans are well under way to bring to this convention outstanding authorities on both the problems of credit and the future of the profession. A complete program will appear in next month's issue of *The CREDIT WORLD*. The program is being designed to bring "down to earth" subjects to the attention of the delegates as well as to acquaint them with the long range possibilities and problems of retail credit. From the talks and the group discussion meetings there will be much of interest and value for anyone dealing in retail credit.

Also, at the conference will be authorities on hospitality. South Bend has the largest association of national members in the state. They invite one and all to come to the home of Notre Dame University for a Hoosier welcome that will not soon be forgotten.

So it's—*On to South Bend in April for District No. 13*. Reservations can be made with L. G. Waterson, c/o South Bend Collection Bureau. Further particulars can be obtained from him or by writing F. R. Larrabee, c/o Ball Stores, Inc., Muncie, Indiana.

\* \* \*

## First District to Meet at Worcester, Mass.

The First District will hold its Annual Conference in Worcester, Mass., April 15 and 16. Further details in the April issue.



## Following Up Collections? It's Easy This Way!

By H. W. HOKLAS

Credit Manager, The Young-Quinlan Company,  
Minneapolis, Minn.

**S**IMPLICITY in system does leave out the thrill of operation of a more complicated device, but simplicity, omitting as it does arduous toil, leaves time for more consequential duties.

A borrowed idea, fitted into our individual need, has given us a simple collection system which has for a period of years proved workable.

After the eighteenth of the month, the billing being less heavy, the bookkeeping-machine operators head up the unpaid accounts owing for prior months. Of course, the accounts active up to that time are headed up as purchases are made.

We go through the ledgers after the twenty-first of the month, examining only those accounts which have a statement filed, they being the only ones with a balance owing. The accounts which show sufficient delinquency to require a reminder are clipped. A simple paper clip with corrugations to prevent slipping is placed at the bottom of each such ledger sheet.

Reminders are mailed to those unpaid by the eleventh of the next month after the ledgers are clipped. The clips (on unpaid accounts receiving a letter) are left in place to facilitate checking for cash entries until the next letter goes out ten days later on the twenty-first, and then removed preparatory to the clipping task of the next month.

As each letter is typed, the date is noted on the ledger sheet with a colored pencil as an indication correspondence has been started. The duplicate letter forms a file to which to attach answers and on which to note telephone conversations and visits to the Credit Department. Should printed forms be used, a carbon copy of the name and address from the fill-in of the letter or envelope may be placed on a sheet of paper of letter size and the numbers of the letters sent listed thereon.

All references for payments are made directly to the ledgers just before the next reminder goes out. Delinquencies fully paid cause the placing of the correspondence in a transfer file. Partial payments are noted on the correspondence which is placed ahead in a combination alphabetical and date file which permits quick location.

### "Gold" Emblem Stickers

For Your Letters and Statements

Printed in royal blue on special "gold" gummed paper. Actual size is shown by dotted lines. Price, \$2.00 per thousand, postpaid.

NATIONAL RETAIL  
CREDIT ASSOCIATION

1218 Olive St. St. Louis, Mo.



## These "Polite Persuaders" Collect!

Read This Letter:

LORETT T. STULTZ, Vice President  
NATIONAL RETAIL CREDIT ASSOCIATION  
ST. LOUIS, MISSOURI

GEORGE W. POPE, President  
FLUSHING CEMETERY  
48TH AVENUE AT 183RD STREET  
FLUSHING, N. Y.

HORACE W. KING  
CHAS. E. HILL, JR.  
CHARLES T. POWELL

January 25th, 1938

National Retail Credit Association  
St. Louis  
Missouri

Gentlemen: ATT Mr. Crowder

In our particular business the most conservative type of collection procedure is vital.

To-day we received a reply to a bill mailed out with the "Please!" sticker pasted on it. To our complete surprise the bill except was enclosed with this remark: "Thank you very much for your dignified reminder that I owed this bill. The enclosed check saves my mind considerably"

Enclosed was a money order for \$58.00 which might not have been forth coming for months, probably longer

These stickers have worked wonders with us. They are, as the debtor states above, "dignified" and in addition the simplest and most convenient form of reminder.

Before you discontinue these please send us 1000 to cost \$2.00. Check to cover same will be mailed immediately on receipt of bill.

Yours very truly,  
FLUSHING CEMETERY ASSOCIATION  
*R. Schulteis*  
Superintendent

RS:MAE

Operating Under The Federal Case Plan

### And Here Is the Sticker That Did It!

..The "Please" sticker, shown at the right, is the one mentioned in Mr. Schultheis' letter. It is one of the old "National" series of "Polite Persuaders" which we had discontinued.

But our members wouldn't let us discontinue them! They kept on ordering!



### Two "Stand-Bys" Retained

So, to meet the demand, we have ordered a new supply of the two stickers shown here and will continue them because they are so successful. Price, \$2.00 per 1000.

National Retail  
Credit  
Association  
1218 Olive St. Louis



## The Fundamentals of Collection Technique

(Continued from page 3.)

Regardless of what you have to sell, you must first sell yourself, and your ability to do this will depend on your personality, poise, charm, imagination, personal appearance and disposition. In this connection, we must make the other person feel important and do it sincerely. It has been found that about 15 per cent of one's financial success is due to technical knowledge and 85 per cent due to personality and the ability to deal with people.

In closing, I should like to leave these words of wisdom:

This is wisdom, maids and men:  
Knowing what to say and when.

Speech is common; thought is rare;  
Wise men choose their words with care.

Artists with the master touch  
Never use one phrase too much.

Jesus, preaching on the Mount,  
Made His every sentence count.

Lincoln's Gettysburg address  
Needs not one word more nor less.

This is wisdom, maids and men:  
Knowing what to say and when.

## Proper Bureau Records on Installment Accounts

(Continued from page 15.)

bureau in a very limited way, depending on an increased mark-up to cover a higher ratio of credit losses.

Consequently, the bureau has no record of their accounts, and the usual function of credit control does not apply. As in the case of low-priced departments of up-town stores, the customers of these "fringe" stores do not stay entirely within that area. They are ambitious to have accounts up-town, and their activities are divided.

The high rate money lender, or salary buyer, is another type of creditor who is generally not a member of the bureau, who has first claim, not only on spendable income, but on the entire income, because it has been assigned to him. Then there is the specialty dealer, handling a nationally advertised product, and financing his sales through a national or chain finance company, who is directed to use the credit report of a national reporting agency. These sales are not recorded in the bureau.

New local competitive reporting agencies are springing up, and to attract business they offer inducements of one kind or another. They handle some of the credit reporting in the community, which further complicates our problem.

If you agree that divided payment accounts are increasing, and that the future holds promise of a continued increase, then it seems logical that something be done to exercise the control necessary to insure satisfactory payment. Such control lies in cooperative effort through the credit bureau, and can only be achieved by overcoming these various obstacles and making the bureau in fact, as well as in name, the clearing house for ALL credit information in the community.

## "Every Man—" Said "Teddy"



*"Every man owes a part of his time and money to the development of the industry in which he is engaged"*

And that means you—just as much as the other fellow! You can help us reach the non-members in your community. You know many of them. They'll join on your "say-so."

Do it now! Take the application below and get it signed—then turn it over to your Membership Chairman.

### Membership Blank

National Retail Credit Association  
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....

Title.....

Firm.....

Address.....

City..... State.....

Recommended By.....

# Three New "Pay Promptly" Inserts

(Reproductions of our "Pay Promptly" Ads)

Can be used as statement enclosures; also with collection letters. Actual size,  $4\frac{1}{4}" \times 6\frac{1}{4}"$ ; furnished folded to  $4\frac{1}{4}" \times 3\frac{1}{8}"$  (as shown below) to fit statement envelopes.

Their use is recommended to members of local associations now using our "Pay Promptly" ads. Use them as a *direct "tie-up"* with the ads.

Price, \$2.50 per thousand, postpaid.

## Your Credit Record Is An Open Book



## Friends Talk About "Q.C."\* Too!



\*"Q.C." means Questionable Credit. The result of failure to pay bills promptly—as agreed.

CREDIT is a privilege—a convenience—extended upon the merchant's or professional man's confidence that when bills are rendered, they will be paid promptly, according to terms or agreement.

Pay each bill promptly and you establish a "Prompt Pay" record in the files of the Credit Bureau which, like money in the bank, will grow in value. For promptness in paying makes your credit good—and keeps it good!

But—failure to pay bills on time, through neglect or carelessness, can only establish a reputation for Questionable Credit ("Q.C.") and cause embarrassment—to your creditor just as much as to you. For no one likes asking for payment—even when it's past due.

The remedy for "Q.C." is simple: Bills are due on the first of the month following purchase and past due after the 10th.

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.



**National Retail Credit Association**  
EXECUTIVE OFFICES  
SAINT LOUIS

0001 NATIONAL RETAIL CREDIT ASSOCIATION

PRINTED IN U. S. A.

## Prompt Payment of Bills Prevents "Q.C."\*



\*"Q.C." - Questionable Credit - is caused by laxity in paying bills. Avoid it!

Use Your Credit Judiciously  
Buy Promptly--Pay Promptly

PAYING bills is a matter of promptness—and understanding—just as much as it is of honesty. For most people are honest, but many are careless.

They neglect payment of their bills and unwittingly build a reputation for "Q.C."—Questionable Credit—with all its recurring embarrassments: phone calls, collectors' calls, neighbors' gossip.

Merchants and professional men are glad to extend the convenience of credit to their patrons. But they expect to be paid, just as they must pay their own bills, according to agreement.

Phone calls and collectors' calls cost them money—needless expense to collect what is due them. That's why they welcome the patronage of those who pay promptly!

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

## Your Credit Record Is An Open Book



And You Are The Author!

By the Way You Pay, You Write  
Your Own Record on a Little Card  
In the Files of the Credit Bureau.

YOUR credit record is of your own making. The Credit Bureau only keeps the record! Shown in the insert above is an actual credit record (with the customer's name and address omitted). It shows how that customer has paid his accounts—as

truly as if he had written the record in his own book!

Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."



**National Retail Credit Association**  
EXECUTIVE OFFICES  
SAINT LOUIS

0001 NATIONAL RETAIL CREDIT ASSOCIATION

PRINTED IN U. S. A.

**NATIONAL RETAIL CREDIT ASSOCIATION**

1218 OLIVE STREET

SAINT LOUIS, MO.

# Try the New "Standard" Collection Stickers

## "O.K."—

—when you say, "Charge It"—is a mark of trust—confidence that you will pay promptly.

This account is overdue. Remit now, please, and—

Keep Your Credit "O.K."

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

This new series of "Standard" collection stickers combines all the good points of the old series, which members used to the extent of a million a year, with newness:

New copy, new layout, new color in the gummed paper.

Five in the series, exact size as shown by dotted lines (upper half of this page). Attractively printed in contrasting color on buff-colored gummed paper.

Inoffensive—Inexpensive!

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50; 500 assorted, \$1.50. When ordering "assortments" please specify "New Standard" Stickers.

## Don't Break the Magic Circle!

Credit is the magic circle of business. When you pay your creditors—they can pay theirs and so on, around the circle, until it comes back to you!

Credit Is Confidence—Safeguard It!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Treat Your Credit As a Sacred Trust!

Credit is faith—confidence in your agreement to pay according to terms.

Keep Faith With Your Creditors and Justify Their Trust!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Prompt Payment

—is as necessary to the merchant and professional man as prompt service is to you!

You are their paymaster. Pay according to agreement and

Protect Your Credit.

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## Past Due

Don't let this past due account mar your credit record. Pay it now—and keep your credit record clear!

Prompt Payments Build Good Credit!

National  
Retail



© 1937

Credit  
Association



N.R.C.A.

## "Good Credit"—

is worth more than all the gold mines in the world," said Webster.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934



N.R.C.A.

## The "Gold" Series

An outstanding series—rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1 3/4" x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your Credit Bureau or—National Retail Credit Association, Fourth Floor, 1218 Olive St., St. Louis.

## Keep Your Credit As "Good As Gold"!

Prompt payment of accounts, according to terms, will build a priceless credit record—

"Worth More Than Gold"

© 1934



N.R.C.A.

## A Friendly

### Reminder!

As this account is overdue, your remittance will be greatly appreciated.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934



N.R.C.A.

## Now—Please?

We know how easy it is to forget. Won't you send it now—please—while you have it in mind?

Prompt Payments Build Good Credit—"Worth More Than Gold"

© 1934



N.R.C.A.

## Past Due!

Prompt payment of this account is necessary to protect your credit record.

Safeguard Your Credit—It's "Worth More Than Gold"!

© 1934



N.R.C.A.



# "Impress Upon Their Minds The Importance of Good Credit"

*That's Just What This Little Booklet Does!*

## "How to Use Your Credit to Best Advantage"

This is the title of a little 12-page booklet prepared by the National Office to promote *better customer understanding* of the use and, likewise, the *abuse* of credit privileges. Dignified, courteous, understandable—it tells customers, *in an understandable and impersonal way*, the things you would like to tell them about credit but dare not for fear of giving offense.

Members, the country over, are using it. Hardly a day passes but that we get letters telling us of its effectiveness. The letter at the right is from a credit executive who has used over 40,000 copies—who orders them in 10,000 lots, and uses them on new customers and inactive accounts, as well as "slow pays." What is more, he has a special message of his own imprinted on the back cover!

Local associations can use it—with a proper local message imprinted on the back cover—to *build a community understanding of credit and its proper use.*

## New Low Prices

By ordering in large quantities, we are able to offer new low prices: 500, \$7.50; 1,000, \$12.50; 2,500, \$30.00; 5,000, \$55.00; 10,000, \$95.00; 25,000, \$200.00. Carrying charges and printing on back cover extra. We recommend that this overprinting be done by your local printer. (Size, 3 1/4" x 6 1/4".)

Address all orders and inquiries to: National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

*P.S. A few sample pages are shown below.*



Daniel Jewell Company

Jacksonville, Fla.  
January 18, 1937

OFFICE OF THE  
CREDIT MANAGER

Mr. L. S. Crowder  
General Manager-Treasurer  
National Retail Credit Association  
1218 Olive Street  
St. Louis, Mo.

Dear Mr. Crowder:

We are extensive users of the booklet, "How to Use Your Credit to Your Best Advantage," which we obtain from the National Association and we consider it very useful.

We use this booklet in the following manner:

When new customers open charge accounts with us we write them a letter thanking them for their business. In this letter we explain to them the exact terms of their payments. We also call their attention to the little booklet which we are enclosing—"How to Use Your Credit to Your Best Advantage"—and ask them to kindly read it.

We cannot help but feel that when customers read this booklet it will impress upon their minds the importance of good credit and also the importance of paying their accounts according to agreement.

I have had many compliments from our customers on this little booklet. We also use this booklet on any re-opened account (that has been inactive for three months) by mailing the customer a copy of it with a letter thanking him for the privilege of making another charge to his account.

Yours very truly,

*W. P. Esser*  
W. P. ESSER,  
CREDIT SALES MANAGER.

WPE/j



A good citizen must have good credit.

A GOOD CITIZEN must have Good Credit. Credit to most of us means the acquiring of something of value without having to pay for it immediately, but it has a more important aspect. It functions today as an economic stimulus to better living and we should safeguard it and conserve it as we do our health.

Nearly sixty percent of the total retail business transacted annually is done on some form of credit. In its modern usage, Retail Credit is divided into two kinds, i. e., the **Monthly Charge Account** and the **Time Payment or Installment Account**. Both have their place in our economic welfare and both are well defined in their use.



We should practice what we preach.

The **Monthly Charge Account** provides the privilege of charging our purchases on one month's bill and paying for them between the **first and tenth** of the following month. Bills are due for settlement on the **first** but ten days are allowed as a courtesy and convenience. The **tenth of the month** is therefore the "dead-line" or **National pay day** for retail merchants, professional men and all others who have shown faith in us.

The **Time Payment or Installment or Deferred Payment Account** also has a set pay day. It is either weekly on a specified day, or monthly, semi-monthly quarterly,



Everything in a home can be bought on credit—the house itself, the heating plant, bathroom fittings, furniture, even repairs and alterations. Credit has contributed a great deal to the increased comfort of modern living.

possible on some form of deferred payment. Groceries, clothing, house furnishings, fuel, light, water and gas are all given to us on our promise to pay. The many things that go to make our lives livable are ours by virtue of this right gained through a good reputation. The Dentist and the Physician render their services on credit. Gifts and remembrances to our family and friends are so acquired. The automobile, radio, electric refrigerator, and many other accessories necessary to satisfy our modern desires and maintain prestige amongst our friends are available on credit. And to some of us comes the hour of



Husbands and wives should co-operate with each other.

